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WEATHER - PARIS: Thursday, cloudy, 47-52 (32-61). Friday, variable. LONDON: 47-52 (32-61). Saturday, cloudy with possible snow. Temp. -1-2. Sunday, similar. CHANNEL: Moderate. Thursday, sunny. Temp. -1-10 (30-50). YORK: Thursday, sunny. Temp. -1-2.

ADDITIONAL WEATHER - CONVOY PAGE

29,554



Rhodesian black nationalist moderate leaders and Minister Ian Smith announcing in Salisbury yesterday that they have reached an agreement on majority rule. From left to right are: Bishop Abel Muzorewa; Elliott Gabelah, who represents the Rev. Ndabaningi Sithole; tribal chief Jeremiah Chirau and Mr. Smith.

Will Go to Washington Next Month

Begin Asks U.S. to Reconsider Jet Sales to Arabs

JERUSALEM, Feb. 15 (NYT).—A deepening concern here over an apparent pro-Arab shift in Middle East policy, Prime Minister Menachem Begin announced today that he would go to Washington next month for days of talks in the White House.

Begin also called upon President Carter to reconsider his decision to supply war planes to Saudi Arabia and Egypt.

Begin spoke in parliament in response to a series of speeches by a weekend statement by Secretary of State Cyrus Vance.

Begin said that the supplying of 60 F-15 fighters to Saudi Arabia and Egypt would not be in the military balance in the Middle East.

Andreotti Seeks Communist Help

ROME, Feb. 15 (Reuters).—Christian Democratic premier-designate Giulio Andreotti today asked the Communists and four other parties to support an austerity program that includes higher taxes, electricity bills and railroad fares.

He made his proposals in a 49-page message aimed at winning support for a new minority Christian Democratic government which would give greater influence to the Communists.

Mr. Andreotti called for wage restraint to make Italian exports more competitive and measures to make it easier for workers to change jobs.

He to Strauss Reappears, Reports He Was Kidnapped

MUNICH, Feb. 15 (AP).—A former adviser to conservative German Chancellor Helmut Kohl was reported today to have been kidnapped by a group of men in a car with a fourth man at the wheel. After driving for some time, he was put in a panel truck and later again put back in the trunk of a car.

Police announced that they would continue their investigation. The thrust of Mr. Andreotti's proposals was economic—proposals for tax increases and spending cuts totaling 7.5 trillion lire (about \$8.8 billion), bringing the deficit down to 24 trillion lire (\$27.5 billion).

He did not specify what taxes would be increased but proposed to raise railroad fares and electricity rates. He promised to take further measures to crack down on political crimes and urged the parties to approve tough measures now before Parliament.

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'Victory for Moderation' Seen Smith and Three Blacks Agree On Rhodesia Settlement Plan

SALISBURY, Rhodesia, Feb. 15 (AP).—Rhodesia's white minority government and black nationalist leaders agreed today to a constitutional framework for black majority rule with safeguards for the nation's whites.

Prime Minister Ian Smith and the three internally based, moderate black leaders announced the breakthrough agreement this afternoon. Mr. Smith hailed the accord as a "victory for moderation."

"We have succeeded in overcoming because we have shown tremendous patience and we were not prepared to give in," said the white leader, who led Rhodesia's whites in breaking away from Britain 12 years ago to forestall rule by the black majority.

There are 270,000 whites and 6.7 million blacks in Rhodesia. The eight-point agreement calls for a 100-member Parliament with 28 seats reserved for whites for at least 10 years.

Unresolved issues still to be resolved are the composition and creation of an interim government to draw up a black majority rule Constitution, the drafting of the new Constitution, the makeup of the armed forces and the dates for the elections leading to black rule.

The agreement reached today is unlikely to halt the guerrilla war pursued by black nationalist movements based in Mozambique and Zambia. The leaders of the guerrillas, Patriotic Front co-chairmen Joshua Nkomo and Robert Mugabe, have rejected the internal settlement talks as a "farce."

Nor does the agreement mean that the breakaway British colony can expect the United Nations to lift economic sanctions in effect for more than a decade.

For the first time since the negotiations began on Dec. 2, 1977, Mr. Smith left the negotiating hall with the black leaders—Bishop Abel Muzorewa, Chief Jeremiah Chirau and Elliott Gabelah, standing in for the Rev. Ndabaningi Sithole.

Mr. Sithole left Rhodesia, reportedly for London to confer with British Foreign Secretary David Owen.

The agreement opened the way for the establishment of a transitional government, which would include the negotiating parties and would work in tandem with the existing government to write a Constitution, prepare for one-man, one-vote elections, restructure the white-led, mainly black security forces and seek a ceasefire with the guerrillas.

Asked how close an interim government was, Mr. Gabelah said: "As close as I am to you." Mr. Chirau interjected: "It could be days."

The agreement announced today calls for: • A bill of rights and protection against the nationalization or seizure of property and land. • A free and competent judiciary.

• An independent public service board to maintain efficient service. • Nonpolitical civil service, police, armed services and prison services.

Guarantees that persons can be paid outside Rhodesia. • Permission for Rhodesians to maintain double citizenship. • A 100-seat Parliament, with 28 seats reserved for whites as a blocking mechanism to assure their constitutional privileges for at least 10 years.

Election of 20 of the whites by whites only, nomination of candidates for the remaining 8 by whites, and the election of the remaining 8 by both whites and blacks.

The majority of points were clearly intended to safeguard the economic privileges of the whites. "We are happy," said Bishop Muzorewa, who for more than two weeks had held up the talks by pressing for two key issues to be resolved before the agreement was to be signed.

One issue was the method of electing whites to the Parliament. Bishop Muzorewa had demanded that eight of the whites be elected by both blacks and whites, and the final agreement—with

whites nominating at least 16 candidates and elections by both blacks and whites—was the compromise solution. Bishop Muzorewa had also demanded that the future structure of the white-led security forces be resolved before a formal agreement.

That issue is expected to be the next major item for negotiations. Mr. Smith, asked whether the

(Continued on Page 2, Col. 4)



The captain and copilot of the Egyptian airliner in Nairobi after being forced down.

Somalia-Bound Supplies Said Aboard Kenya: Egyptian Jet Forced Down

NAIROBI, Feb. 15 (UPI).—Kenyan Air Force jets today intercepted an ammunition-laden Egyptian airliner and forced it to land here, the official Kenya news agency said.

Airport officials said the seven-man crew was put under guard and the cargo confiscated because the plane had violated Kenyan airspace.

They said the Egyptian Boeing 707 apparently was bound for Mogadishu, Somalia. The officials said at the airport that the 19 tons of ammunition aboard the plane included 123-mm artillery shells. They denied earlier reports that the plane had carried bombs.

In Cairo, the Egyptian government demanded an urgent explanation from Kenya of the forced landing. Cairo radio said that it had the plane's cargo was "merchandise." The radio did not say if the plane had permission to fly through Kenyan airspace.

"This matter is being viewed very seriously by the Kenyan government," a government official said. "The captain said he knew they had no permission to overfly Kenya."

Two Egyptian planes yesterday violated Kenyan airspace and we had to take action. We could not tolerate it anymore. Any country must get permission to overfly Kenya," he said.

But the plane's captain, Saad Mohammed el-Mondouy, said, "I was sure that we had permission since we have been flying over Kenya many times."

He said the government viewed with "great gravity" Egypt's willingness to supply Somalia with arms.

Somalia disputes ownership of Kenya's Northern Frontier District, which has led to periodic border clashes between Kenyan forces and Somali tribesmen. Ethiopian and Somali forces are engaged in a clash in the Ogaden Desert.

The incident followed an approach by Egypt to Kenya earlier this week for permission for Egyptian aircraft to overfly Kenya en route to Somalia.

"Permission was refused because the Kenyan authorities were not sure of the type of cargo the planes were to carry," the Kenya news agency said.

The agency said Egyptian Ambassador Ahmed Marzouk had told authorities that the aircraft would carry "humanitarian goods."

Envoy Says U.S. Can't Alter Cuba's Commitment to Africa

WASHINGTON, Feb. 15 (WP).—Cuba's top envoy to Washington said yesterday that, despite growing U.S. protests over the presence of more than 20,000 Cuban troops in Africa, nothing the United States can say or do will alter the Cuban commitment there.

Ramon Sanchez-Paredi, head of the 10-man Cuban diplomatic interests section here, said that Cuba will not trade its ties with Africa for better relations with the United States.

Since the withdrawal of Cuban troops from Africa is the price that the United States has set for further progress on normalizing the relationship between the two countries, it is unlikely that normalization is possible any time soon.

Scientists Say World Population, Now 4.1 Billion, Is Rising More Slowly

By Joanne Omang

WASHINGTON, Feb. 15 (WP).—The rate of increase in the world's population peaked in 1970 and has begun to decline, scientists monitoring the subject said yesterday.

The world population, now 4.1 billion, was rising by 1.9 per cent a year in 1970 but the rate fell to 1.7 per cent last year, Nick Eberstadt of Harvard University's center for population studies, told a convention here of the American Association for the Advancement of Science.

But Mr. Eberstadt and others cautioned that it is too early to be sure the shift is permanent. It is also too early to be sure what caused it. The population experts agreed that at least two-thirds of the decline seemed to be associated with, if not necessarily caused by, rising standards of living in underdeveloped countries, where the birth rate has been dropping. Another large portion of the decline seems to be associated with intensive family planning programs, they said.

"Nearly all the countries with 20 per cent or more decline (in birth rate) between 1965 and 1975 have had a strong or moderately strong family planning program," Parker Mauldin, senior fellow at the New York-based Population Council, said. Those countries include China, which claims a 24-per-cent drop in its birth rate over that decade, South Korea (32 per cent), Thailand (23 per cent), Colombia (25 per cent), North Vietnam (23 per cent), Taiwan (30 per cent) and Chile (29 per cent), among the larger nations.

Developing countries as a whole, with half the world's population, have gone from 42 births per thousand persons per year in 1970 (excluding China) to 36 per 1,000 in 1977, Mr. Eberstadt said. The U.S. rate is 14 per 1,000.

The figures mean that the world's population will double in 41 years instead of the 36 years it would have taken at the higher rate, Mr. Eberstadt noted. "The population of the earth is certain to continue growing well into the next century. The momentum is just tremendous and there's no way we could conceivably stop [except for massive catastrophe] short of 8 to 10 billion persons," Mr. Mauldin said.

Whole areas of the earth have not yet begun to reduce their birth rate, he continued: Bangladesh, Pakistan and most African nations. The decline has been fastest in Asia, at 17 per cent between 1965 and 1975, excluding China, and slowest among blacks and in Moslem countries.

Family Planning, Better Living Standards in Poor Countries Are Factors

High birth rates arise from generally rational causes, Momi Nag, of the Population Council, said. Parents have more children if many are likely to die in childhood. An uneducated, poorly fed child will still earn enough to pay for itself by the age of 15 and will provide for the parents thereafter.

China Rate Off

China claims its annual birth rate has dropped from 34 per 1,000 persons in 1965 to 26 per 1,000 in 1975. "There is lots of connection [for publicity purposes] of model units and some fabrication of figures in the provinces as government pressure for birth control results intensifies," Mr. Aird said. "Overcoming the traditional opposition to late marriage and birth control is a slow, difficult task."

Deaths Outnumber Births

LONDON, Feb. 15 (UPI).—England and Wales had 13,000 more deaths than births last year, the second straight year that deaths exceeded births, the figures published today show the gap is widening.

Children Will Provide

Mr. Repetto cited findings that birth rates fell in nations where income gaps were reduced: China, Taiwan, South Korea, Sri Lanka and Malaysia. Little drop occurred in Brazil and the Philippines, where the rich-poor gap remains wide although overall economic growth has skyrocketed, he said.

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Sanctions Called Critical

Rhodesian Economic Bind Seen as Peace-Talks Motive

By Jonathan C. Randal

SALISBURY, Feb. 15 (UPI)—Rhodesia's accelerating economic deterioration may explain why Prime Minister Ian Smith is negotiating a peace settlement based on black majority rule with African nationalist leaders, according to well-informed sources here.

Stretched by economic sanctions, world recession and the war's escalating cost, the econ-

omy has become so critical that a prominent business leader said that he told Mr. Smith: "We cannot go on like this if we want to save anything."

The business community—whom Mr. Smith's defiant decision to declare unilateral independence from Britain in 1965—assumes that Rhodesia is surviving on discreet South African financial support.

Headings in a recent local bank report tell the story: "Dismal Prospects" for Rhodesia, "Dashed Hopes" for mining, "Bleak Outlook" for money and capital markets, "Further Fall" in construction, "Worst Tourist Year" since the 1960s.

Output Drops

Last year, gross production fell for the third successive year, this time by almost 7 per cent, the worst performance since 1968. There was a record number of bankruptcies.

Unemployment became so serious that one industrialist said: "If it were not for the war—and both the government and guerrilla recruiting—widespread unemployment would be a disaster."

The Rhodesian dollar has slipped badly. Once worth 1.6 U.S. dollar, the Rhodesian dollar is now traded one for one on the black market.

While emigration increased to more than 10,000 last year, including many men of draft age, and Rhodesia risks losing manpower required to keep the army and the economy going.

If emigrants were allowed to take out more than the equivalent of \$1,500 a person, it is likely that even more would leave.

Many Factors

Rhodesia is being squeezed by factors ranging from the war's estimated \$900,000-a-day cost to the expense of shipping via Mozambique, which has closed its border.

Economic sanctions against Rhodesia could be lived with in happier times. Now, despite official disclaimers, it is admitted that congressional action that barred the United States from buying Rhodesian chrome hurt the economy badly.

"The Japanese, who a few years ago were quite willing in an expanding economy to turn a blind eye to sanctions, now can afford to be moral in obeying them," a banker said.

Depressed world markets have meant reduced production and marketing of copper, nickel and chrome, and in some cases, laying off labor and closing mines.

Agricultural and manufacturing exports also have dropped.

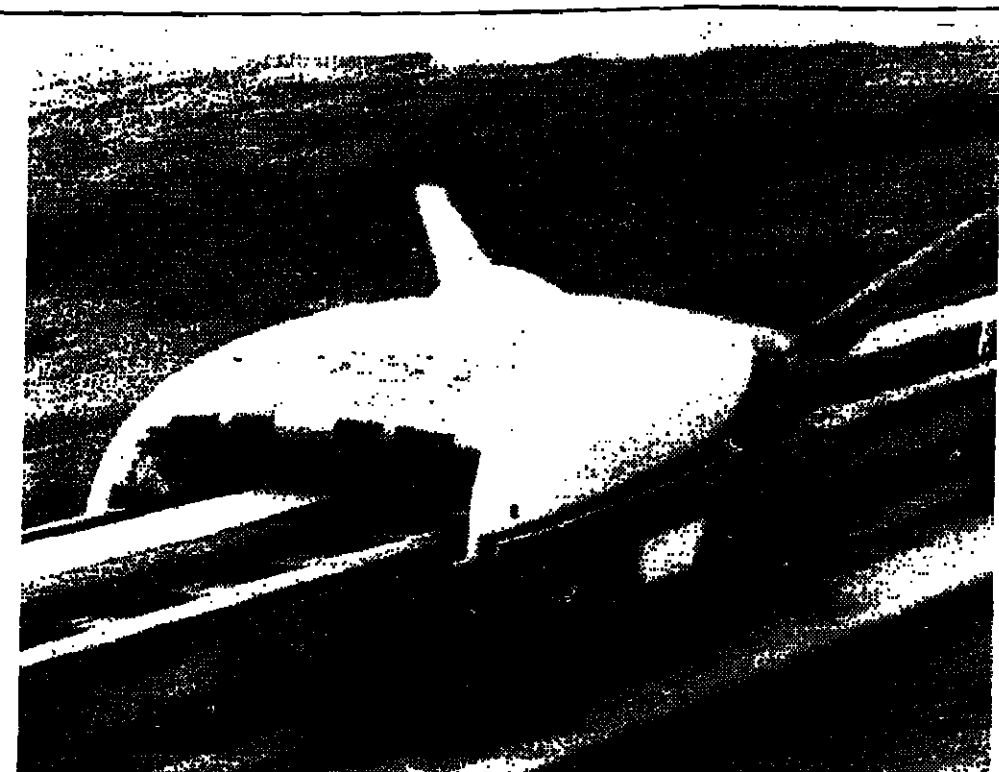
Market Dries Up

The South African market, which once absorbed more than 30 per cent of Rhodesian manufactured exports, has all but dried up because of a slump there and a 15-per-cent import surcharge.

Symptoms of the economy's problems are reflected in deficits of more than \$60 million incurred by Rhodesian railroads and more than \$10 million by the steel industry.

As the bank report noted, "Over the past year, the damage to the economy has switched from being temporary in character to permanent and structural in nature."

"There is scant comfort to be derived from past successes," the report added, "when so much of what has been achieved is at risk."



FLYING START—Japan Air Lines' High Speed Surface Transport prototype vehicle during a test run at which it was clocked at 191.39 mph. It is a linear motor-powered vehicle to be developed for carrying passengers from city to airports.

Among Blacks of Rhodesia

3 Moderates Claim Wide Support

By John F. Burns

JOHANNESBURG, Feb. 15 (UPI)—While more militant black leaders have denounced them as stooges, the three non-alienated all the country's 200 tribal chiefs whose jurisdiction includes the overwhelming majority of blacks.

Tough Reputation

Of the three nationalists involved in the agreement, Mr. Sibhile, a barbed-wire man with a reputation as a tough in-fighter, is commonly respected to be the most powerful. Even among his own supporters, Bishop Muzorewa is criticized for indecisiveness and a lack of political sophistication, as well as a propensity to become embroiled in minor personal disputes.

The bishop's popular support, particularly strong in the Salisbury area, owes much to a public perception of him as a gentle giant. His position as the head of the Methodist Church, which he emphasizes by his habit of wearing a Roman collar and bishop's purple even on political occasions, has also been important in this heavily Christian country.

Among nationalists, the diminutive bishop is a relative newcomer. After studying for five years in Methodist colleges in Mississippi and Tennessee, he involved himself primarily in religious duties until 1971. That year, he gained enormous popularity as the leader of a campaign to build black opposition to a proposed constitutional settlement between

government before Mr. Smith made his commitment to black majority rule. But Mr. Chirau's group, the Zimbabwe United Peoples' Organisation, claims the allegiance of all the country's 200 tribal chiefs whose jurisdiction includes the overwhelming majority of blacks.

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Pravda Critique Blamed

U.S. Fears Delays in Arms Talks

By Richard Burt

WASHINGTON, Feb. 15 (UPI)—A strongly worded Soviet editorial on the Strategic Arms Limitation Talks has complicated efforts to achieve a new agreement this year, Carter administration officials said yesterday.

The editorial in Pravda last weekend blamed the United States for the lack of progress in the talks and said that the administration was attempting to use the threat of a Senate rejection of a treaty to force Moscow to make concessions.

Administration arms analysts are still studying the 5,000-word statement, and officials have refused to comment on its impact on negotiations now under way in Geneva, other than to say that "steady" progress is being made.

More Difficult

Privately, however, several officials said that Moscow's deliberate account of several sensitive differences that divide the two sides has made it more difficult for the administration to make compromises that could make a new accord possible by later this spring.

Consequently, some officials now suggest that a new accord might not be finished until after the congressional elections in November. Others, however, believe that an accord is still possible before summer and that the editorial demonstrates a strong Soviet interest in achieving agreement.

During a visit by Soviet Foreign Minister Andrei Gromyko to Washington in September, the administration announced that agreement had been achieved on a complicated formula for limiting strategic missiles and bombers within an eight-year treaty and for placing more temporary restraints on weapons such as cruise missiles.

Although, shortly after the Gromyko visit, President Carter said that a new accord was in sight, the two sides have been unable to resolve several important details concerning the agreement, particularly the precise limit that would be placed on U.S. cruise missiles and a new Soviet bomber, known in this country as the Backfire.

Present Impasse

Because these issues have divided negotiators for almost three years, some officials believe that the present impasse is similar to a stalemate in negotiations in 1975 when an earlier understanding reached at a Soviet-U.S. summit meeting at Vladivostok in November, 1974, gradually fell apart.

"It's too early to tell, but the Soviet editorial may mean the understanding reached last fall is in the process of coming unstuck," an official said.

Most officials believe that the Pravda editorial reflects both the Soviet leadership's strong desire to conclude a new agreement and its frustration over criticism of the proposed outlines of the accord in the United States. At the same time, in justifying certain Soviet positions, the editorial is also considered an indication that Moscow is unwilling to make significant concessions in the future.

Unlikely to Yield

In particular, the editorial's insistence that a new agreement limit the ability of the United States to provide allied governments with access to cruise missile technology is said to indicate that Moscow is unlikely to yield on this point.

The problem, as officials acknowledge, is that the administration, already under attack by congressional critics for making concessions in the talks, is not in the position to bend on the remaining disputed points.

Although officials in the Arms Control and Disarmament Agency suggested that the tough language in the editorial may have been aimed at delaying the talks of hardliners within the Soviet government, a high-level administration official argued that it was meant to master support for the Soviet position among arms-control proponents in Congress. But the official said that this was unlikely to succeed and was more likely to increase skepticism in Capitol Hill over Soviet motives in the negotiations.

1972 Accord

If a new agreement is not completed soon, the administration must confront the question of how long the two sides can continue to adhere to the terms of the 1972 strategic arms accord. The accord formally expired in October, but both governments announced last fall that they would continue to follow the limits on missile deployment while a new accord was being completed.

However, officials agree that the accord cannot be indefinitely extended, particularly because the Soviet Union's growing deployment of missile-launching submarines should bring Moscow, by next year, over the limits laid down in the accord.

If Moscow does exceed the 1972 ceilings for missile submarines, officials worry that this would further complicate negotiations. And even if Moscow agrees to postpone the deployment of new weapons during the present talks, officials said, Congress might require the administration to seek approval for the continuing extension of the 1972 accord—agreement that provides Moscow with a 40-per-cent advantage in numbers of missiles.

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As Stockpiles Dwindle

Mine Strike Talks to Start Under Prodding by Carter

By Helen Dewar and Edward Walsh

WASHINGTON, Feb. 15 (WP).—Under strong prodding by President Carter, coal industry and United Mine Workers negotiators agreed to resume contract talks tonight to end the 72-day-old nationwide coal strike.

The President yesterday called on both sides to resume bargaining immediately at the White House and threatened "stronger measures" if that effort fails.

Mr. Carter is under increasing pressure to act because of dwindling coal stockpiles in some Eastern and Midwestern states. He made it clear that he may order the 160,000 striking miners back to work if the walkout is not ended soon.

After the President's call, the

mine workers union agreed promptly to resume the talks at the White House. But, after an overnight delay, the Soft Coal Operators Association at first rejected the idea.

However, within two hours of this morning's announcement of the strike, which came in a letter from E.B. Leisinger Jr., chairman of the Bituminous Coal Operators Association, to Labor Secretary Ray Marshall, the White House announced that the industry group had reversed itself and agreed to resume contract talks.

Prompt Resumption

Mr. Leisinger had written that a prompt resumption of the negotiations "would be a mistake," that the President first should call warning union leaders to the White House. He said, "Collective bargaining has succeeded—an internal union apparatus has failed."

The union's bargaining council rejected a proposed settlement last Sunday by a 30-6 vote.

The BOCA said in a statement today that the decision to attend White House negotiations was made after the industry was assured of "appropriate conditions" for resuming the talks.

These conditions, worked out in discussions between White House representatives and industry officials, were not spelled out. But administration sources said that one condition would add three members of the union's bargaining council to the UMW negotiating team, making a total of nine, in an attempt to make it more representative of miners' sentiments.

Taft-Hartley Option

Mr. Carter, who personally announced his appeal to both sides to return to bargaining, was asked by a reporter whether he might invoke the Taft-Hartley Act and seek an injunction ordering the strikers back to work for an 80-day cooling off period.

"That's one of the options, yes," he responded.

UMW President Arnold Miller last night quickly acceded to the President's request, which followed weeks of White House refusal to intervene directly in the bitter dispute.

Mr. Carter's move apparently caught coal industry leaders by surprise, however.

Only an hour before Mr. Carter announced the administration drive to end the strike, the BOCA issued a statement calling on the UMW bargaining council to reconsider the proposed settlement that it rejected Sunday.

Mr. Miller rejected the industry's request for reconsideration but said, "We stand ready to negotiate at any time—the sooner the better."

Mr. Carter's direct intervention in the 71-day strike—the nation's longest coal strike—was made as reports of heavy power cutbacks and imminent layoffs arrived in Washington.

In Indiana, the National Guard was called out to help usher coal convoys to utility plants. In Ohio, a state of emergency was called and officials predicted job layoffs of up to 13 million workers by the end of the month.

Appearing personally in the White House Press Room to announce his intervention in the dispute, Mr. Carter said that White House negotiations "must be viewed as a final opportunity" for the collective bargaining process to work.

"I continue to support the collective bargaining process," he said. "However, the welfare of this country must be my overriding concern."

He said that the coal strike is inflicting "continuing hardship on this country and also the miners, both active and retired." The strike, he said, "cannot be allowed to continue."



William Green, surrounded by members of his family after learning that he had won over Bella Abzug.

Mrs. Abzug Is Defeated by Republican in House Bid in N.Y.

NEW YORK, Feb. 15 (UPI).

—Republican S. William Green, drawing unexpected support from Democratic voters, staged a come-from-behind victory over Bella Abzug yesterday to win the seat for Manhattan's 17th U.S. Congressional district.

The defeat was Mrs. Abzug's third consecutive loss at the

polls in 18 months and may have ended her hopes of returning to elective office. But the former congresswoman refused early today to concede and called for a recount.

With all the votes tabulated, Mr. Green, a former state assemblyman, had 30,240 or 53 per cent to Mrs. Abzug's 26,970 or 48 per cent, a margin of 1,270,

according to a re-check of returns.

Pat Wichter, Mr. Green's campaign manager, said that his candidate made inroads into several presumed Abzug strongholds. After trailing in returns most of the night, Mr. Green picked up momentum as results came in from the East Side neighborhoods.

Mrs. Abzug was trying to return to the House 18 months after she resigned her seat to run for the Senate. She was defeated in the Senate primary by Daniel Moynihan, former ambassador to the United Nations. Last year she lost the seven-year primary for mayor of New York to Edward Koch, who was elected.

29% of U.S. Firms Were Sued in 1976

Malpractice Suits Against Architects Up Sharply

By Paul Goldberger

NEW YORK, Feb. 15 (NYT).—Major malpractice suits against architects and engineers, which for years were of relatively little concern to these professions, have increased by 20 per cent a year in recent years, according to a recent study.

The study, prepared by the Office for Professional Liability Research of Victor D. Schinnerer & Co., a Washington-based insurance concern, also said that the average value of claims against architects and engineers for alleged design and construction failures had tripled since 1960, and that 29.5 per cent of insured architecture or engineering concerns were sued in 1976.

As a result, malpractice insurance, which was once cheap and relatively easy to get, has become a major financial burden for many architectural and engineering concerns. As with medical malpractice insurance, only a few companies are willing to write such policies, and the costs of premiums have soared—from less than 1 per cent of an architect's gross income a few years ago to 2 to 10 per cent of his gross now, according to Paul Genack, an executive of the Schinnerer company.

Premiums for \$5 million of liability coverage, considered a minimum for an architect involved in large-scale work such as skyscraper design, can cost \$100,000 a year.

Immense Burden

The problem is not nearly so severe for architects as it has been for doctors, since malpractice insurance continues to be available for architects, while it threatened to become unavailable for doctors a few years ago. "But it is an immense burden—in some cases architects are paying more for malpractice insurance than for rent," said Peter Samton, a partner in the New

York firm of Gruen & Partners and president of the New York chapter of the American Institute of Architects.

The dramatic increase in malpractice claims, and hence in insurance premiums, is a result

of several factors, interviews with architects, lawyers and insurance executives suggest. Since the 1950s, courts have held that design professionals can be held liable to the general public, and not merely to the owners of

buildings, for problems that cause injuries. The use of new, sometimes not fully tested materials has increased the willingness of injured persons to sue design professionals and the vast increase in building costs has made claims for large sums of money, often running into the millions of dollars, not uncommon.

There are several lawsuits now pending in what may be the most celebrated legal action in U.S. architectural history. The complex web of suits from that case is emerging from the spectacular failure of glass in the 62-story John Hancock Tower in Boston, where so much glass fell out of the building's windows that all 10,344 panes had to be replaced.

No lawsuits have been filed yet in Hartford in the aftermath of the collapse last month of the \$14-million steel-truss roof on the Hartford Civic Center. Engineers have just begun their investigations of that disaster.

Typical Case

The Hancock case is the most famous of architectural liability cases, and it is also fairly typical, since it involves litigation among an architect, an owner, several contractors and a building-parts manufacturer, and in that it is based on a problem involving a relatively new technology.

The Hancock suits also raise significant questions about the role of the architect, who, though he may be contractually limited just to providing a design, nonetheless often is assumed to be the "master builder" and final authority in the construction process.

"The primary task of the architect is to communicate what proposed buildings should be and look like. The architect does not initiate buildings, nor necessarily take part in the physical act of construction," wrote Spiro Kostof, an architectural historian, in a 1976 essay. He spoke of the architect as "mediator" between the client or owner of a building and the work force that erects it.

That role of mediator is sometimes defined and limited by contract. In some cases the architect is permitted only to create a design and is not legally obligated to supervise construction, while in other cases he is responsible for overseeing the building process every step of the way.

But in almost every case the architect has at least a symbolic master-builder role, if not a legal one, and that is why so many architects are the targets of lawsuits when something goes wrong.

Living Openly With Another Man No Bar to Getting Alimony in N.Y.

ALBANY, N.Y., Feb. 15 (NYT).—Reversing a lower-court decision, New York State's highest court ruled yesterday that a man must continue paying alimony even if his former wife was living openly with another man, as long as she was not representing herself as her new companion's wife.

The 5-to-2 decision by the Court of Appeals held that as long as the woman was not literally holding herself out as the wife of the second man, the courts had no power to rescind an alimony order.

The dissenting justices, in an opinion written by Judge Sol Wachtler, held that this strict interpretation was "unrealistic in terms of current social standards and practices."

The case decided involved the 1974 divorce of Anne and Ray Northrup Jr. of Rochester.

According to the opinion, two weeks after she was awarded \$160 a month in alimony, the former Mrs. Northrup began living "openly and notoriously" with another man—sharing his bedroom, cooking his meals, doing his washing and sharing household expenses.

A few months later, Mr. Northrup stopped his alimony payments. He contended that his former wife's behavior qualified as "habitually living with another man and holding herself out as his wife," grounds under Section 248 of the state's Domestic Relations Law for the court to allow him to halt payments and sue for alimony.

But the Appeals Court, in an opinion by Judge Lawrence Cooke, overturned those decisions.

Carter Fails to Reassure Farmers on Prices Issue

WASHINGTON, Feb. 15 (WP).

President Jimmy Carter met on Tuesday with representatives of major U.S. farm organizations but he failed to convince the most militant of the groups that the administration is sympathetic to their economic situation.

Following the 40-minute meeting at the White House, Laurence Bittner of the American Agriculture Movement said that Mr. Carter offered the farmers "just a defense of the current farm bill. I don't think the President really listened to what we presented."

"It looks like we've got to have to go home and do it ourselves," said Gerald McCathern of the same organization, referring to threats by farmers to stop or reduce their planting in order to force farm prices up.

No Parity

Mr. Carter has already rejected farmers' purchasing power, with parity. Parity is a measure of farmers' purchasing power, with 100-per-cent parity meaning that farm prices would be high enough to give farmers the same purchasing power they enjoyed in the 1910-14 base used for the measurement.

Mr. Carter told the farmers

that the 1977 farm bill was "a good step in the right direction," adding that farm prices have risen since he took office and that the administration has "a good program evolving."

After the meeting, Mr. Bittner said, "The administration . . . will have to face the issue . . . Target prices in the farm bill are below the cost of production."

Mr. Bittner predicted a drop in spring plantings because of low prices and the financial situation of some farmers.

News Agency Sets Service in Catalan

MADRID, Feb. 15 (Reuters).

The Spanish news agency EFE announced today that it would start a Catalan-language news service for Catalonia, the industrialized northeastern region that achieved provisional home rule last year.

It will be the first time that the agency has provided newspapers with a service in a regional language. Under the late Generalissimo Francisco Franco, the use of regional languages and dialects was suppressed.

As Senate Debates Mining Bill

U.S. Pressuring Third World On Seabed Mineral Talks

By William Claiborne

WASHINGTON, Feb. 15 (WP).—The United States, in an attempt to force Third World nations closer to its position on mining the vast mineral resources on the ocean's floor, has begun a high-stakes pressure play in the long-running United Nations Law of the Seas Conference.

The first phase involves a new, hard-line posture on the issue—one that not so subtly calls into question the need for the kind of world treaty the conference has been working on intermittently for the last 10 years.

The thrust of the warning is that a failure of the conference to adopt a seabed mining treaty at its March 23 meeting in Geneva might not be as calamitous as most delegates think.

Meanwhile, Congress is moving swiftly on a bill that would authorize and encourage U.S. mining companies to begin to begin to mine the billions of dollars of cobalt, nickel, manganese and copper on the bottom of the oceans.

Dream Come True

If the State Department had its way, the bill would be President Carter's desk in the middle of the six-week Geneva conference and give Special Ambassador Elliot Richardson a negotiator's dream come true. Mr. Richardson could say at the conference, in effect, "put up or shut up."

Last week the House of Representatives International Relations Committee reported out the bill, and although a floor fight is certain, whether the mining companies' investments will be guaranteed by the government, full House approval is expected before the conference convenes.

Whether Senate approval can be timed to coincide with the Geneva meeting is less certain, but even the consideration of the measure is viewed by administration officials as valuable leverage for the U.S. negotiators.

At the core of the negotiating strategy is a proposed seabed mining treaty that was secretly rewritten by a handful of Third World delegates at a session last year and is regarded as unacceptable to the United States and some other developed nations.

Among other things, the proposed pact would force U.S. mining companies to transfer privately developed technology to an international seabed "authority" in return for mining rights. Moreover, the authority could control deep-sea scientific research and could give the monetary benefits of ocean mining to countries that did not accept the treaty.

For a decade—largely out of view of an uninterested public—the Law of the Seas Conference has been engaged in a tug-of-war on ocean mining, trying to reach agreement on a treaty whose foundation is based on the principle of common heritage.

Ex-Lobbyist Reports to FBI

\$1,000 Payment to Rep. Flood

By Wendell Rawls Jr.

WASHINGTON, Feb. 15 (NYT).—A former lobbyist here has told federal investigators that he personally gave Rep. Daniel Flood \$1,000 in cash in the summer of 1972, about the time a letter over Rep. Flood's signature was issued in behalf of a concern represented by the lobbyist.

The previously undisclosed allegation, made in a statement last year to the FBI, is the first concrete indication that the Pennsylvania Democrat received money in return for favors and influence. It is central to a federal investigation into whether Rep. Flood committed perjury at the Los Angeles trial of his former administrative assistant, Stephen Elko, who was convicted of taking bribes from a chain of West Coast trade schools.

The lobbyist, Daryl Fleming, was representing the trade school chain, which was trying to obtain accreditation in order to become eligible for federal programs.

In addition, Elko is prepared to testify that about \$3,500 of the \$8,000 he took from the trade school operator went to help defray costs of the staff representing Rep. Flood at the 1972 Democratic National Convention in Miami Beach, according to sources familiar with the investigation.

Rep. Flood did not attend the convention because of flooding in

the sea that all resources under the sea are the common heritage of mankind.

Developing nations, promoting a new world economic order, and industrial nations, defending entrepreneurship and protecting their technological advantage, have debated on negotiating one text after another while failing to agree on the key issues.

The object of the deliberations is how to govern the harvesting of potato-sized nodules of minerals on the seabed floor at depths of up to 15,000 feet. Scientists say there may be 1 1/2 trillion tons of high-concentration nodules, mostly in the Pacific between Hawaii and Mexico.

A number of mining consortia have invested millions of dollars in research and have committed more toward exploration, estimating that they can go into commercial operation by 1983-84.

One consortium has a mining ship at sea and soon will begin test operations.

The harvesting systems include a vacuum-cleaner-like device that brings the nodules up to ore carriers, and a conveyor-like chain of buckets to collect the minerals.

The negotiations so far have centered on the creation of an international authority that would control exploitation and the distribution of profits among nations.

Generally, the Third World has favored the creation of an operating arm, called "the enterprise," that would harvest the minerals for all mankind, while the United States has favored a "parallel" system under which the enterprise and private mining firms would operate simultaneously.

Squabbling has repeatedly broken out over such issues as production limitations, price controls and the extent of the authority's control, and the last session, in New York, recessed in disarray.

2 Homes in Calif. Slide Into Pacific

SANTA BARBARA, Calif., Feb. 15 (AP).—Two expensive homes built at the edge of a cliff slid 100 feet into the Pacific Ocean, and another was in danger today, police said. All three homes had been evacuated and no one was injured.

Acting Fire Department Battalion Chief Mel Walters said no other homes were in danger. He said the three houses were built further back on their sites—and closer to the sea—than other homes on the street.

Owners of the two destroyed homes, which officials said were worth \$80,000 to \$130,000, had removed most of their furnishings before the earth began to slide yesterday. Santa Barbara and the rest of southern California has had heavy rains during the past week.

Healthy Family Victims of Mercy Killings

NEW YORK, Feb. 15 (AP).—A doctor who took his own life after killing his mother and sister to save them from suffering was mistaken in his belief that his mother was dying from cancer and his sister was ill, a medical examiner said yesterday.

Dr. Jacques Durosier said that in autopsy showed no evidence of cancer in Maria Valera, 73, although part of her colon had been removed to arrest the disease.

Mrs. Valera's daughter, Niobe, 50, also was healthy before she was slain, Dr. Durosier said. He said Enrique Valera, 47, an 18 doctor, stabbed the women 24 to 48 hours before their bodies were discovered Monday in their \$110,000 home in Queens.

Dr. Valera then wrote suicide notes, slashed his ankles and wrists and stabbed himself in the chest, the pathologist said.

Dr. Durosier said notes left by Dr. Valera referred to his father's recent death from cancer and his sister's complaints about ill health.

House Unit Backs Unemployment Bill

WASHINGTON, Feb. 15 (AP).—The House Education and Labor Committee yesterday overwhelmingly approved the Humphrey-Hawkins bill, which sets a national target of reducing overall unemployment, currently at over 6 per cent of the labor force, to 4 per cent by 1982.

Rep. Augustus F. Hawkins, D-Calif., said he thought the bill would be before the full House by mid-March. Hawkins co-sponsored the bill with the late Sen. Hubert H. Humphrey of Minnesota.

Premiers Endorse Resource Development

Canada Unveils \$55-Billion Energy Proposal

By Kenneth Reich

OTTAWA, Feb. 15.—Agreement that Canada should undertake a series of major projects to develop its energy resources briefly stilled regional and political bickering yesterday at the economic conference of the 10 provincial premiers called by Prime Minister Pierre Elliott Trudeau.

Only British Columbia Premier William Bennett took a non-partisan position in the two-hour energy discussion.

Quebec's separatist Premier René Lévesque said that Quebec could join with neighboring provinces to develop hydroelectric power and build a natural gas pipeline.

Conservation of energy was only mentioned briefly during the discussion, which conferred on all for developing the nation's natural gas, hydroelectric, oil and uranium resources. It was the second day of the three-day conference.

Energy Plan Outlined

Minister of Energy, Mines and Resources, Alastair Gillespie, unveiled a \$55-billion plan to steer energy development projects which he said would create million man-years of employment in Canada.

The plan would develop facilities to bring Arctic gas and oil to the eastern Canadian coast, and also, as it is Alaskan oil is concerned

through central Canada to the U.S. Midwest.

Mr. Gillespie said that the Canadian government has increasing doubts about a proposal that Alaskan oil be unloaded at Edmonton and then moved by a new pipeline to Edmonton, Alberta, to connect with existing pipelines leading to the Midwest.

He indicated that Canada would prefer that an oil pipeline be constructed directly from the Alaskan pipeline at Fairbanks through the Yukon to Alberta, a line that would parallel the projected Alcan gas pipeline.

Major Projects

Mr. Gillespie also discussed several major energy projects including moving Arctic gas by pipeline into Manitoba or in liquefied form by ship to the Maritimes, offshore oil drilling near Labrador and Nova Scotia, heavy oil and oil-sand development in Alberta and Saskatchewan, coal development in British Columbia, hydro-electric development in Labrador and development of power in Nova Scotia.

His plan clearly enthused the premiers, except for Mr. Bennett, who said that British Columbia has found that major projects bring many problems in their wake and that the employment they create is only transitional.

It was, however, the first time

in this conference that the Canadian leaders found themselves in wide agreement on a vigorous course of action to stimulate the nation's lagging economy.

Some Disagreements

Nevertheless, there were disagreements. Mr. Lévesque engaged in a bitter exchange with Newfoundland Premier Frank Moores over how little Quebec is paying for Newfoundland hydro-electric power under a 1969 contract.

Mr. Trudeau expressed exasperation over the insistence of Alberta Premier Peter Lougheed and others that the Agricultural provinces might be sold out in tariff negotiations with the United States and other countries to protect the nation's industrial provinces.

After it was revealed that the United States had recently made a secret tariff offer to Canada, Mr. Lougheed demanded that all the provincial premiers be able to review its contents.

Mr. Trudeau responded that the premiers would be given a general idea of the offer's contents, but that it would not be right to let them read it. He said that there were always going to be interests helped and others hurt in trade negotiations and that "at some point we're going to have to say, 'We're going to negotiate on behalf of the common market that is Canada.'"

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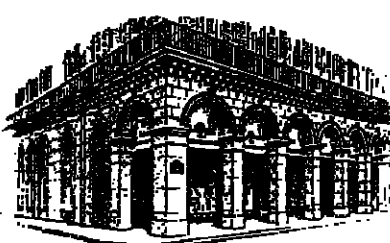
BOEING 707 : Monday 3.45 p.m.

Blazers are more like jackets this year

THE classical navy serge blazer (F 890) will never look out of date. But there is a trend back to a jacket style, mostly in tweed, with English patterns or Prince of Wales style checks (F 1150). For blazers, Lanvin 2 has some new, richer, more

comfortable fabrics this year: wool and cashmere, for instance (F 1690), or even pure cashmere (F 2390). If you prefer something a little more casual, there's a model in bouclé wool for country wear (F 1450).

Our very latest offer is a dress blazer in fine navy corduroy (F 1150).



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Soviet Pilots, Cuban Tools

It is a neat, and cynical, division of labor: Cuban pilots flying air strikes against Somali forces in the disputed Ogaden region of Ethiopia while Soviet pilots take their place minding Cuba's air defenses. It is neat because all the aircraft involved are Soviet MiGs, unfamiliar to Moscow's new Ethiopian clients but well-known to Cubans and Russians. It is cynical because Moscow has evidently decided either that Ethiopia's cause in the Ogaden is not important enough to risk the lives of Soviet pilots, or that Cuban faces in combat look better to Africans than Russian faces. Why else send two contingents of pilots in opposite directions across the seas?

All their protestations notwithstanding, this news brands the Cubans as the tools of Soviet imperial purposes. Fidel Castro has argued long and passionately that his people feel a special affinity for the new nations of Africa and had a right to join their struggles for nationhood when invited. As long as that effort was confined to Cuba's natural capacities, the argument had a plausible ring. But to bleed away Cuban forces to the point where Russian pilots must be imported for routine domestic chores is to confess that Soviet foreign interests enjoy priority in Havana even over Cuban defenses. When weighed against Cuban dependence on Soviet economic as well as military help, it turns the Cubans into the world's foremost intercontinental force of mercenaries.

Such a drastic and far-flung alignment with the Soviet Union is not easily reconciled with Castro's recently expressed desire to reduce dependence on Moscow and to re-establish some commercial and political ties to the United States. Sending technicians and even combat troops to Angola and Ethiopia was one thing. The Cuban forces went at the invitation of avowedly Marxist and "revolutionary" but independent governments. It would even be argued that making friends in Africa and throughout the Third World was consistent with reducing dependence on the Soviet Union. But the

new division of labor with Russians no longer fits that contention.

Narrowly speaking, no immediate American interests are yet directly affected. The Soviet Union has played a guiding role in Cuba's air defenses for nearly two decades. There are no major Soviet offensive weapons in Cuba, and no discernible risks of a Soviet-American clash over Cuba; the United States scarcely intends to violate the island's air defenses. And in the Horn of Africa, the deplorable intervention by any outside forces must be seen against the fact that it was precipitated by last summer's Somali invasion and seizure of the Ogaden region. Although some of the Cuban air strikes may be hitting targets in Somalia, Somali forces are still in territory universally recognized as Ethiopian. (The Somalis are themselves armed with Soviet weapons—the products of the long Soviet-Somali alliance that collapsed when the Russians went after tiger fish in Ethiopia.)

There are, however, two considerable risks for the Cubans. If the Soviet assistance to Ethiopia turns from the defensive into an offensive assault on Somalia, the United States will feel impelled to join other Africans in military counter-measures. That would risk a conflict which, though physically confined to African territory, is bound to erupt in a new wave of anti-Cuban feeling in America.

And in any case, Cuba's decision to serve Soviet ambitions to such an imprudent degree will set back the cause of finding a place for Cuba in this hemisphere's community of nations. Just when it had finally gained a grudging acceptance in the United States, after giving up its quixotic efforts to lead a Latin-American revolution, the Castro regime has undertaken not merely an ideological mission among trothful Africans but a Soviet errand that is likely to offend as many Africans as it gratifies. The Cuban people and their well-wishers in the United States are ill-served by Castro's intercontinental machismo.

THE NEW YORK TIMES.

Perceptions of U.S. President

The Carter administration is now beginning its second year but, oddly, a great many Americans still say they have no clear view of it. For them, Mr. Carter and his central purposes have not yet come into focus. Along with all the other evidence of it, there was a poll suggesting that perhaps a third of the voters who were questioned neither strongly approved nor disapproved of the Carter presidency. They put themselves somewhere in between. It wasn't ignorance or unconcern. It seems to have been a sense that the record so far is enigmatic.

Public ambivalence toward Mr. Carter, you could argue, is rooted in public ambivalence toward federal power and the use of it. There's a lot of dissatisfaction throughout the country about the way in which the economy is moving, for example, but there is no durable, muscular majority for any single line of action. The worries about unemployment just about balance the worries about inflation. The pressures for higher business investment counter the pressures for bigger budget deficits.

You can see this kind of division in two of the major organizations devoted to economic progress for black Americans. In addressing energy policy, the NAACP is following the strategy of growth, on grounds that the condition of blacks will improve only amidst improvement for the whole population. The Urban League puts its faith in allocated benefits and direct federal intervention in behalf of those who need it most. Both positions are intellectually respectable. But they point in opposite directions, which is hard on a politician trying to respond to the concerns of blacks.

Mr. Carter has contributed to the confusion by the shifts in his own positions. His views on the federal role seem to have gone through three discernible stages. Two years ago, when he was campaigning for the

nomination, he was a small-government man. He had accurately sensed that a lot of Democrats were fed up with the steadily increasing reach of federal regulation—a trend that, we might observe, had continued rapidly through the eight years of Republican administration. Mr. Carter spoke to that resentment, which is a very large part of the reason he won the nomination. The other candidates were all much closer to the party's tradition of expansive and confident intervention.

But once Mr. Carter became the nominee, he wanted and needed the support of all the other Democrats—the ones that judged a man's sincerity by his willingness to push the big bills and the big programs. Through the campaign, and the euphoria of the first months in office, Mr. Carter committed himself to that long, cumbersome succession of comprehensive reforms—of welfare, of energy policy, of taxation, of governmental organization and all the rest. None of them seems to be doing very well at the moment. Mr. Carter, who is not slow to see these things, now appears to have shifted emphasis once again within the last several months. Currently he is back to talking about the need to keep the federal government within its proper bounds.

Perhaps it is true that the political base does not exist in this country today for forceful reform legislation and large new initiatives. The American mood today is not the ebullient self-satisfaction of, say, the middle 1920s. There is an uneasy sense of obligations still to be met. But there is little consensus on an agenda, or any widespread impulse to pursue it. That was true two years ago. The polls suggest that two years of debate, and one year of President Carter, have not done much to change that fundamental condition of our national politics.

THE WASHINGTON POST.

International Opinion

Cooperation Needed

Signs of increasing tension between the United States and West Germany should be a source of concern to us all. In important senses, the relationship between the two countries has become in recent years a cornerstone of the Atlantic alliance. In part the difficulty seems to be personal. It is noticeable that there is not the warmth of feeling between President Carter and Chancellor Schmidt that exists, say, between the President and Mr. Callaghan.

Since the Carter administration came in, there seem to have been a series of issues which have provoked strong disagreement between the two governments. The latest of these is the American handling of the dollar

and the German government's handling of its own economic expansion.

The United States cannot expect Germany to follow economic policies which it deems to be against the interest of economic and political stability. Against that, the Germans and the rest of us must understand that the world is poised on the brink of a damaging and headlong plunge into unthinking protectionism. If that process is not to run out of control, there is more need than ever for effective cooperation and understanding within the major industrial countries. That goal would be at total risk if the present tension between the United States and Germany degenerated into more serious conflict.

—From the Times (London).

In the International Edition

Seventy-Five Years Ago

February 16, 1903

ROME—For the last two days a very rare phenomenon has occurred at Venice. At low ebb the water rushes suddenly into the sea, leaving all the canals, even the Grand Canal, dry. Gondolas and other craft are stranded, and traffic is suspended for several hours. This novel and strange spectacle attracts many visitors to the city, but it could be a dangerous omen for the future.

Fifty Years Ago

February 16, 1928

WASHINGTON—Following the usual stormy battle between the House and the Senate, the House of Representatives today sanctioned the \$13-million appropriation for Prohibition enforcement for the fiscal year beginning July 1, 1928. The \$28,640,000 appropriation for maintenance of the Coast Guard also was passed. More than half of the latter sum will be used to enforce the country's anti-liquor laws.



'What We Need to Do in This Quicksand Is to Keep Thrashing Around.'

Will You Be My Valentine?

By James Reston

WASHINGTON—Those 200 planes President Carter promised on Valentine's Day to send to Israel, Egypt and Saudi Arabia were not intended as instruments of war but as instruments of peace. They were, in effect, political valentines. That is the lace-embroidered message out of Washington.

As Carter argued during the election campaign, it's a little hard for the United States to be "both the world's leading champion of peace and the world's leading supplier of the weapons of war." And it's even harder to explain why this decision was announced during the present crisis in the Middle East peace negotiations, but there is part of an explanation.

The President promised to urge the Congress to send 60 F-15 fighters to Saudi Arabia when he visited that country briefly earlier in the year. The Saudis have been particularly insistent ever since that the promise be kept, and while Carter recognized that the timing was awkward, he went through with the deal.

Promises

Once that was decided, he had to handle the arms requests from Israel and Egypt. The immediate diplomatic problem here was to get Sadat back into the peace negotiations, so he was promised 30 F-16 fighters. That was roundly rejected.

Having consulted Sadat, Carter then consulted the Israelis, but not much, with the promise of 15 F-15 fighters, and 75 F-16 fighter-bombers. So every promise was kept except maybe the original one to the American voters to "reduce the commerce in weapons of war."

Actually, the situation is not quite as bad as it sounds, though there is obviously going to be a noisy row about it in the Congress. In the first place, the Congress by law has 90 days after this week to agree or disagree to the President's promises. Second, though the F-16 fighters can go to Egypt perhaps within a year, the more advanced F-15s and F-15s will not be available until 1980 or 1981.

So what Carter has done is to trade a promise of planes to Egypt for a promise to keep the talks going; a promise of planes to Saudi Arabia to keep financing Sadat and keep oil production up and oil prices as low as possible; and a promise to Israel that it will have modern planes for its security into the 1980s. Israeli officials, however, are not concentrating on the political purposes but on the military dangers of the deal. They are not so concerned about the F-15s to Egypt, for they have one of the best air forces in the world and can handle these light essentially defensive aircraft.

Tabuk Complex

But they are worried about the development of a large military complex at Tabuk in northwest Saudi Arabia within range of Israel by the F-15s, and they recall that Saudi Arabia has transferred military equipment to Egypt and has taken part in the wars against Israel, though not with much effect.

Accordingly, while the Israelis say they will continue with the peace talks, they are concentrating on the worst possible military consequences of these modern planes in Saudi Arabia, while Washington is concentrating on

the best possible political compromise available.

No doubt an attempt will be made in Congress to authorize the Israeli part of the deal and reject the Saudi Arabian part, but the administration is insisting that this arrangement maintains the balance of power, that it has to be taken or rejected together, and that if planes are approved for Israel and rejected for Saudi Arabia or Egypt, the administration will call the whole thing off.

The chances are, however, that the Congress will approve after hard debate, for Israel is not likely to get such modern planes anywhere but the United States, whereas Egypt and Saudi Arabia can get modern planes in Western Europe.

What Carter has gambled on is the paradox of planes for peace. It was an awkward decision for him to make, not only because he promised to cut arms sales, but because he seems almost to be bribing Egypt and Israel and Saudi Arabia to keep the talks

going without any indication that either Israel or Egypt is prepared to move from their present contradictory positions.

Officials here argue, nevertheless, that the deal is in keeping with Carter's arms statement of May 19, 1977. "The United States," Carter said then, "will henceforth view arms transfers as an exceptional foreign policy instrument, to be used only in instances where it can be clearly demonstrated that the transfer contributes to our national security interests."

In more direct terms, the President simply found himself in a box. He could have done nothing and risked the collapse of the talks or the threatened resignation of Sadat, which is taken seriously here, or given everybody the promise of planes in the future. It was a case of a beautiful theory (cutting arms shipments) being murdered by a gang of brutal facts. So Carter played for time.

Tension in Tunisia

By Eqbal Ahmad and Stuart Schar

NEW YORK—A confrontation has developed between the Tunisian government and the powerful labor federation, formerly allied with President Habib Bourguiba's regime. Events of Jan. 26 when the government called the armed forces to quell a general strike, left a heavy toll estimated at 130 dead and 450 injured. In proportion to the United States' population, this would be equivalent to 4,550 dead and 15,750 injured in a single day.

This surprised Americans who think of Tunisia as a moderate and stable Mediterranean country of six million. Yet this crisis, brewing for some time, has resulted from the inability of the Bourguiba regime to harmonize economic development with political freedom and social justice.

With American aid amounting to nearly \$1 billion in two decades, Tunisian achievements have been considerable. An overall 5-per-cent to 8-per-cent rate of economic growth was maintained first in the centralized and statist program of the Minister of Economic Planning, Ahmed Ben Salah, and continued after his ouster in 1969 under the more laissez-faire policies of Prime Minister Hedi Madaoui.

Conformity

Both Mr. Ben Salah's and Mr. Madaoui's approach had required absolute public conformity to governmental decisions and assumed a denial of political freedom as a necessity for development. Neither paid enough attention to the needs for developing participatory institutions and for equitable distribution of income, goods and services among a poor but politically conscious people.

In fact, under the laissez-faire policy, the gap between rich and poor has widened. The ranks of the privileged elite that controlled and ran the economy in the 1960s have been swelled by a nouveau-riche group of conspicuous consumers—businessmen, contractors and speculators. Meanwhile, soaring unemployment and galloping inflation have

multiplied the meager gains of the working class. Corruption, relatively rare until 1972, has become widespread, augmenting popular resentment and social tensions. These realities are ignored by institutions such as the World Bank and the Agency for International Development, which extol Tunisia's performance.

As public demands for human and economic rights mounted, the government responded with increased repression. The banning of the Communist party in the 1960s formalized a single-party state; independent newspapers were closed; within the party advocates of democratization were purged. This trend has climaxed in the 1970s. The number of political prisoners has been augmented and torture is reported to be common. Hard-liners within the ruling party have created an extra-legal police force that has terrorized critics and dissidents. Increased American arms aid has reinforced repressive institutions.

The confrontation between the government and the workers' federation marks a turning point. In the battle for succession to the ailing 74-year-old President, the hard-line elements appear now to have the upper hand. They have responded violently, arrested prominent labor leaders, and threatened heavy sentences. But repression will only intensify the conflict.

Repression

Few Tunisians will believe the charges or consider punishment just. The labor movement played a key role in Tunisia's independence struggle. Thereafter, it was the major force in steering the society in a progressive direction. It makes little sense to see Habib Achour, secretary general of the trade union, accused of subversion and extremism. Tunisians know him as Bourguiba's close associate since before independence, as a member of the Destourian Socialist party's political bureau, and as a parliamentarian.

By augmenting repression, the government will isolate itself

South Africa, Namibia And Botha's Walkout

By Jonathan Power

NEW YORK, Feb. 15.—Don't take the decision by Roelof Botha, the South African foreign minister, to storm out of last weekend's discussions on Namibia too seriously.

The differences that remain between the South Africans, their guerrilla opponents, the South-west Africa People's Organization, and the five Western foreign ministers who are retreating the match, are not overwhelming. Compared with Rhodesia it is a pushover. If you are a betting man, take a bet that South Africa will be back in the ring before a month is out.

Unlike Rhodesia, Namibia does not have competing nationalist organizations. The guerrilla-backed political movement, the South-west Africa People's Organization (SWAPO), has a clear lead over its rivals. Moreover, Namibia has only one ruler, South Africa. Rhodesia has two, a deposed legal ruler, Britain, and an illegal one running the show, Ian Smith. The likelihood of a fast-escalating and dangerous war is high in Rhodesia, and presently low in Namibia. SWAPO does not have the military capacity of the Patriotic Front.

There is, however, one similarity that is probably taken far too seriously. In both countries there is talk of an "internal settlement." In Rhodesia that would be an accord between Ian Smith, who has been running his illegal regime for 13 years, and the highly popular, home-based nationalist leader, Bishop Muzorewa. But in Namibia, it would mean creating an Ian Smith type, for one does not yet properly exist, and also creating a black alternative SWAPO, which would be even more difficult.

Indeed the relative straightforwardness of the problem has meant that the negotiations, until the Botha walkout, have fairly sped along. The South Africans, in one short year, have moved from blank refusal to consider independence for Namibia to a point where they are now prepared to allow SWAPO to contest elections to decide who would rule the new nation. In the process, the South Africans decided against a halfway house-type of government which would have given built-in veto to the 95,000 white settlers.

Not content with that, they installed in September a "benign resident dictator," Judge Martinus Steyn, whose job has been to begin to dismantle some of the more repulsive features of apartheid. He abolished the pass laws that controlled the movement of blacks from one part of the country to another, he repealed laws that prohibited marriage and sexual relations between blacks and whites, and he ended the strictures on free speech and assembly.

SWAPO, in turn, has moved from the position of demanding that political power be handed over to it directly to the acceptance of fair and free elections. It also accepted, in another meeting in New York last August, that the interim administrator-general should be appointed by South Africa.

All this pointed toward more compromise at last weekend's New

York meeting. Despite Botha's angry departure, compromise is what happened.

The South Africans had accepted some months ago that they could not, in an election run-up, keep their army at the 20,000 mark. They asked for 10,000. SWAPO began the New York meeting by wanting all the South Africans out and a UN force in their place. The South African Army, even if reduced in size, they argued, would have a psychological impact not to be underestimated in a country that had been intimidated by South Africa's might for over 60 years. But by the end of the weekend SWAPO was prepared to accept the West proposal of a South African force of 1,500 with the proviso they be confined to an out of the way base. The gap between these two positions is not so great and the West suggested it could be bridged by restricting South Africa's troops to two areas.

The South Africans also held out for their own administrator-general, to be in charge during the election run-up. SWAPO again wanted to depend on the United Nations. The West suggested that perhaps both could have a share in it—a kind of "two keys in the lock" arrangement.

Compromise

On the question of political prisoners, it was SWAPO who did most of the compromising. South Africa agreed some time ago to let out its political prisoners if SWAPO would do the same. Following an internal fight within SWAPO, the losing faction has been imprisoned in Tanzania. Setting them out could trigger a new leadership struggle. But SWAPO finally agreed to seriously consider it.

So why the Botha walkout? None of the remaining differences look unresolvable. SWAPO was not inflexible, neither were the South Africans. Indeed, on a host of lesser details South Africa compromised generously.

South Africa, too, must realize having come so far, they have to bend with events. An "internal settlement" excluding the guerrillas is an even less workable proposition in Namibia than it would be in Rhodesia. There is no Muzorewa-figure to give it the aura of legitimacy it would need. It would also mean arming the blacks, which would be taken as SWAPO as a bona fide reason for calling in Cuban help from neighboring Angola. Moreover, if South Africans must be aware of an "internal settlement" as a precondition for economic aid, as they would, they would provoke strong demand at the United Nations for an economic embargo against them. They may calculate that the Europeans might of course such a move, but would it United States? It is most doubtful, and on reflection, they may realize in a European U.S. show down on an issue of this kind the United States would win.

Botha's tantrums are the tantrums of a man checkmated. Watch carefully, a deal is about to be done.

Letters

Ministers in the UN

I am glad that at the end of your profile of the Oromo is included your Jan. 31 edition, you mentioned the island state as the 143rd member of the UN, favor self-determination of peoples under colonial rule.

However, emancipation of small states raises one vital question when you consider the fact that these states have tended to become beggars for their own survival. That question is relevant in Article 4, paragraph 1 of the UN Charter. Is Comoros in a position to carry its financial obligation within the UN?

The present plight of the Comoros Islands may serve to bring the long shelved problem of the minorities to the fore in the UN. When the UN gives with one hand, it takes away with the other.

JOHN OSEI
Bologna, Italy.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address.

Obituaries

Abraham Rattner, Painter, Printmaker, Tapestry Artist

NEW YORK, Feb. 15 (UPI)—Abraham Rattner, 62, painter, printmaker, tapestry designer and teacher, died yesterday of heart failure.

Mr. Rattner was one of the strongest colorists of his generation and one of the few surviving members of the Franco-American art world as it existed immediately after World War I. With his vivid and headlong mode of expression and his readiness to attempt a great theme, no matter how daunting, he endeared himself to a large public starting in the 1940s.

He was born in Poughkeepsie, N.Y., on July 8, 1895. At the age of 8, he was already making portraits of his Russian father and his Romanian mother. By the time he graduated from Poughkeepsie High School in 1913, he was a practiced draftsman.

After studying at George Washington University and the Corcoran School of Art in Washington, he went to the Pennsylvania Academy in Philadelphia. Two years' service with the 49th Engineers in France during World War I gave him a taste for

French life that he never lost. After the armistice he returned to the Pennsylvania Academy and was awarded the Cresson Traveling Fellowship to Europe.

Until 1940, he spent a great part of his time in France. While living in Giverny, near Paris, he watched his neighbor Claude Monet at work on his famous paintings of lily ponds. As a man who never stopped learning, Mr. Rattner studied under Fernand Léger at the Ecole des Beaux-Arts in Paris, at the Ecole de la Grande Chaumière under the sculptor Bourdelle and at the Académie Ranson.

He exhibited his work at the Salon d'Automne, the Salon de Printemps, the Salon des Indépendants and elsewhere. His first one-man show was held at the Galerie Bonjean in Paris in 1936. Like many another gifted painter, he was given his first one-man show in New York by the Julian Levy Gallery, in 1938.

In 1940, Mr. Rattner returned to the United States when the German armies overran France. Not long after, he made a cross-country journey with Henry Miller, of which the author later wrote a characteristically euphoric account.

His American career pursued a steady course, with many honors and appointments. He kept a studio in Paris to the end of his life, and in 1951 he was artist in residence at the American Academy in Rome. But fundamentally he was based in the United States from 1940 on.

In 1956, he was elected to the American Academy of Arts and Letters.

At the end of the sixties, Mr. Rattner began yet another career, as a printmaker, and in 1970 a film called "The Long Prayer of Abraham Rattner," produced by David Ebin, was commissioned by ABC-TV.

In his last years, Mr. Rattner continued to work with almost no diminution of energy. A book by his stepson Allen Leepa, published by Harry N. Abrams, Inc., gave a lively and comprehensive account of the artist's long career.

His work was represented in the Albright-Knox Gallery in Buffalo, the Baltimore Museum, the Chicago Art Institute, the Detroit Institute of Arts, the Hirshhorn Museum in Washington, the Metropolitan Museum, the Philadelphia Museum and many other public collections, including the Vatican Museum of Contemporary Art.

—JOHN RUSSELL

Giuseppe Pasquale
COLOGNA, Italy, Feb. 15 (AP)—Giuseppe Pasquale, 71, an Italian financier and sportsman who was for several years president of the Italian Soccer Federation, died at his Bologna home yesterday, his family announced today.

Willi Domgraf-Fassbender
MUNICH, Feb. 15 (UPI)—Baritone Willi Domgraf-Fassbender, 80, who was known for his interpretation of Mozart's works, died Monday, the Munich State Opera Company announced today.

Derisive Remark On Paris TV Sets Off Minor Storm

PARIS, Feb. 15 (UPI)—A minor political storm was brewing today after a prominent center-right leader used a derogatory term for Arabs in a National Assembly election next to Communist party leader.

Jean-Jacques Servan-Schreiber, chairman of the Radical party, accused the Communists last night of treating French citizens as "bougnoles."

"Lies, all lies," Mr. Servan-Schreiber said, rejecting the Communist program for the National Assembly elections, next month. "You are treating French citizens like bougnoles," he told Roland Leroy, his Communist adversary in the debate.

Mr. Servan-Schreiber's apparently careless use of a derisive word for Arabs was condemned by Mr. Leroy as "unworthy... of a member of the French parliament."

Civic groups, both Algerian and French, criticized Mr. Servan-Schreiber and at least one of them threatened a court action. The incident was an indication of the growing tension among political leaders as the two-stage March 12, 19 elections draw near. All recent opinion polls have pointed to a leftist victory.

Bid Made to Protect Sea-Water Crocodile

MADRAS, India, Feb. 15 (Reuters)—An international group of wild life conservationists have called for a ban on commercial trade in the sea-water crocodile to save it from extinction.

The group, which has been meeting near here suggested that the sea-water crocodile found in India, Bangladesh and Australia should be listed as an endangered species and its commercial sale prohibited.

Turks Seize Hashish
ISTANBUL, Feb. 15 (Reuters)—Turkish police yesterday seized 150 pounds (68 kg) of hashish worth \$4 million, bound for Western Europe, officials said. Three men were arrested, then



At discotheques, one wants to be noticed . . .

WAVERLEY ROOT

Ginseng's Magic Is Mighty but Its Taste Isn't Much

PARIS, Feb. 15 (UPI)—There isn't a thing in the world it's good for, except to make money," a cynical American dealer in ginseng told Wayne King of The New York Times in 1975; and indeed ginseng is marginal as food, though mighty as magic. Ruling out drinks, I find it used as food (or near-food) only (1) by persons who nibble its root, usually more for medicinal than gastronomic or dietetic reasons; (2) by Euell Gibbons, an indomitable experimenter with wild foods, who candied ginseng root and reported that it "was not at all bad to chew on"; and (3) by the Chinese inventors of soup with ginseng, the most striking characteristic of which is high price.

I am informed, at second hand, that it adds a faint licorice-like flavor to this dish, which sounds better than the taste of the virgin root as described by Mr. Gibbons in "Stalking the Heathful Herbs": "While it wasn't absolutely nauseating, I felt sure the Chinese didn't pay [high] prices merely to enjoy the taste. It was both bitter and sweet, with aromatic overtones, but no one would call it delicious."

How high the price could be in China Mr. Gibbons also told us: "A perfect, unbroken, particularly human-shaped root of ginseng, cured to a clear translucency by a secret process known only to Chinese druggists, may bring as much as \$300 to \$400 an ounce in the Orient, said this is roughly ten times the world price of gold." This of course would be a Hope Diamond among ginseng roots, an exceptional piece commanding an exceptional price. At present the going price for run-of-the-mill wild ginseng root is \$80 a pound.

That ginseng is good for making money has been demonstrated in U.S. history a surprising number of times for a plant which is usually described as a native of Manchuria and Korea; but America has ginseng too—Panax quinquefolius or Aralia quinquefolia, while the Asiatic species is Panax schinseng. It is often reported (for instance by myself, before I learned better) that trade between America and China first opened in 1784 when the American-built Empress of China sailed into Canton with forty tons of U.S. ginseng in its hold; actually the sloop Hingham had sailed from Boston to Canton as early as 1773, carrying 55 tons of the same commodity.

Many historians follow up the story of the Empress of China by going on to say that American ginseng disappointed the Chinese; it didn't pack the punch they wanted. The age-old Chinese interest in ginseng is based on the theory that it can cure or prevent most of the ills which flesh is heir to, and specifically that it promotes male vigor. Found wanting in this respect, the story goes, its commerce languished. Trade records do not bear out this assertion.

Ginseng has been continuous—by a commodity of American-Chinese commerce to this day, its biggest year having been 1962, when 622,761 pounds were shipped to the Far East (exactly one century later, in 1963, the exports amounted to only a little more than 100,000 pounds).

No Metal

Ginseng has been cultivated in the United States since 1870 or thereabouts, but connoisseurs are sniffish about cultivated ginseng, which they consider inferior in taste and, more importantly, in efficacy. Its price fluctuates between one-third and two-thirds of that of the wild root. Cultivation is also comparatively unattractive: it requires a great deal of hand labor and the observance of various taboos—for instance, the root should be eased out of the ground with wooden tools; contact with metal is believed to deplete its medicinal and mystical properties.

The Chinese would certainly concur. According to their ancient legends, ginseng appeared after summer lightning striking a mountain stream caused it to flare up in flames which assumed the shape of a man, while from its banks there burst forth a man-shaped root, a gift of heaven to cure all human ailments. Ginseng (*jen-shen* in one form of Chinese) means "man-root." The root is indeed usually forked, suggesting a pair of legs.

Museum in U.K. Receives Award

STRASBOURG, Feb. 15 (Reuters)—A British museum of industrial archaeology yesterday became the first winner of the European Museum of the Year Award set up last year under the auspices of the Council of Europe.

The Ironbridge Museum, an open-air exhibition area which includes the world's first iron bridge—after which the town was named—and the furnace in which iron was first successfully smelted with coke, won \$6,000 and a bronze sculpture by Henry Moore.

The second prize of \$2,000 went to the council's newest member, Spain, for a center of contemporary art in Barcelona called the Joan Miró Foundation.

PARIS FASHION

The Disco Dress—Exhibitionism Lives!

By Hebe Dorsey

PARIS, Feb. 15 (UPI)—The cocktail dress is out. The disco dress is in.

Both styles came out of specific occasions. The prim and pretty, fairly upright cocktail dress was a natural for what was a mostly static social function, where most of the action consisted in shifting one foot, then another, while trying to avoid spilling one's drink.

The disco dress is the latest development in evening wear, already marked by social changes. As both the cocktail party and the big gala went on the wane, discotheques took over. With them came new music, new rhythm and new ways to dress.

The disco dress is basically the opposite of the grand evening dress. Its first quality is to be colorful because women, gyrating in the dark, want to be noticed. Also, since dancing has become a one-to-one, mostly exhibitionist act, the disco dress must move and swing about, which, again, does away with all efforts at grandeur.

The second "must" of a disco dress is that it be comfortable. Getting into the act on the dance floor can prove hellier than a session at a gymnasium.

A specialist in disco dresses is, not surprisingly, Régine, whose nightlife has given her a considerable lead on the field. She was first to see the need for such dresses two years ago. She quickly made a deal with a French manufacturer and started producing her "Zoa," or "ready-to-dance dresses."

As she said: "In order to dance those modern dances, you don't

want to be caught up in a corset. (iron collar). You don't want an elaborate, expensive dress because you'd be afraid to ruin it—which is enough to ruin your evening.

"Remember, one does move about all the time—and one does perspire. So, you've got to be comfortable, and be able to move your legs and your arms. Also, if you spill something on your dress, you should be able to say 'So what!'"

Strangely enough, so far, disco

fashions have not caught the full attention of other name designers. Right now, disco dresses are at their most interesting because they are mostly do-it-yourself affairs. The element of surprise is far greater than at any other given function where women tend to fall into the regular fashion channels.

One is never too sure what one is going to find at a discotheque these days. It might be a heavily bobtailed, black leather blouson over a black silk dress—a la punk. But that is fast giving way to all sorts of crazy pants which are coming up very strong. Reckless, see-through outfits with lots of lace are also looming on the horizon.

The final, and most important requisite for a disco dress is that it not hang to the floor. Floor-length evening dresses are dead these days (and not only in discotheques).

Outside of Régine, one whole

salor is also doing a thriving business with disco fashions. An obscure establishment on unfashionable Boulevard de Beaumarchais, near the Place de la République, it looks more like a junky thrift shop, with all the clothes piled up in stacks.

Wild and Vulgar

But the firm's designer, Colette Nivellet, has caught up with the wild, vulgar and costume spirit of disco fashions. Her clothes come in a vast range of colors that are near-blinding under natural daylight—electric blue, fiery red, gold-yellow and lots of silver and gold. Styles include three-tiered tulle skirts, sleek, shiny overalls, satin-trimmed T-shirts, satin jeans, all again in those circus colors.

The color combinations are glaring, the clothes are poorly sewn and not too well put together, but in the end it makes little difference, because they do not cost much, which again is right for disco dresses.

Electronic Games Mark New Trend At U.S. Toy Fair

NEW YORK, Feb. 15 (AP)—The computer took over the playroom this week as the 75th annual American Toy Fair opened here with an array of electronic games and gadgets, many of them linked to science fiction themes. "More toys are being introduced for the entire family—higher priced, larger toys, video games," said Abe Kent, chairman of the Board of the Toy Manufacturers of America, Inc. The science fiction theme is showing the most marked increase.

The average American family spent about \$68 per child on toys last year, Mr. Kent said. "This year," he added, "the figure will be about \$85." Industry sales are up seven per cent from 1976 and total \$2.3 billion, according to the chairman.

Video games, electronic target games, electronically controlled racing cars and electronic quiz games dominate the exhibit—a trend that industry leaders expect will continue as the impact of technology on everyday life increases.

Many of the electronics revolve around the theme of outer space, including Star Wars tie-ins and toys based on another outer space show due to appear on television this spring.

Spanish Newspaper Price

MADRID, Feb. 15 (AP)—The price of Spanish daily newspapers went up yesterday from 15 pesetas to 18 pesetas (18 cents to 22 cents). It was the second newspaper price increase in six months.

Royal Shakespeare Plans Hectic Season

STRATFORD-UPON-AVON, England, Feb. 15 (UPI)—The Royal Shakespeare Company, consolidated its claim to be the world's largest and busiest theater company today by announcing 35 new productions during the rest of 1978.

The RSC will occupy six theaters in London, two in Stratford and one temporarily in Newcastle-Upon-Tyne.

Besides that, a company announcement said, a small touring company will be created, three productions will be televised and there will be one major production touring larger United Kingdom theaters.

Its season at its parent theater

in William Shakespeare's hometown opens March 22, the earliest ever, and contains six Shakespeare plays—ending with "Antony and Cleopatra," directed by Peter Brook and with Glenda Jackson as Cleopatra.

Last year's acclaimed "Henry Quarter"—Shakespeare's four plays about Kings Henry V and VI—opens the season at the Aldwych, the RSC's main London theater.

But the company is also taking over the Young Vic Theater for the Ian McKellen-Judi Dench "Hamlet," holding a second full season in its Barbican Warehouse theater, and occupying two commercial playhouses in London's West End.

One of those who hold the company's award-winning musical version of Shakespeare's "Comedy of Errors," a two-year-old production which refuses to die. A television version will be seen this summer, the company said.

French Style in Japan

TOKYO, Feb. 15 (UPI)—French ready-to-wear clothing and knitwear manufacturers will display their fall-winter collection later this month in a bid to promote their exports to Japan. The French Fashion Center in Tokyo reported this week.

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(Continued on Page 8)

Witteveen Says Expansion 'Urgent'

NEW YORK, Feb. 15 (AP-DJ).—Johannes Witteveen, managing director of the International Monetary Fund, asserted today that a stronger expansion of domestic demand in such countries as West Germany and Japan has become more "urgent" because of the appreciation in the currencies of these countries during the past 18 months.

At the same time, Mr. Witteveen raised a question about whether the time may have come for the United States to assume a more direct burden in financing its large international payments deficit, instead of having

other countries carry this load. Addressing a conference of economists in New York, Mr. Witteveen said that it is now clear that adjustments in exchange rates "should indeed go beyond what is needed to compensate for inflation differentials."

The IMF official said that he was encouraged by the actions taken recently by Japan to stimulate that country's domestic demand, but he did not mention West Germany in this same reference.

Referring to the countries with international payments surpluses, the IMF official said that ex-

change rate appreciations without the needed additional demand expansion would bring about greater disequilibrium in the international economic situation, while reducing imports of the surplus nations.

"In these circumstances," he said, "a vicious circle of continuing currency appreciation and demand expansion could easily come about. The recent appreciations of the deutsche mark and the yen are to be welcomed from an international standpoint, but they must be supported by appropriate policies on the demand side if early and effective adjustment of the external position is to come about."

Mr. Witteveen added that this adjustment process should be done without "intensive and sometimes emotional debate," such as has been apparent recently. The issues, he said, should not become a source of friction between countries, but need to be analyzed and assessed "dispassionately."

U.S. Situation
Mr. Witteveen, who will be retiring this summer as head of the IMF, commented that a few remarks "are now in order" about the depreciation of the dollar and the U.S. balance of payments deficits. He said that the world is "faced painfully" with a question of how the U.S. international payments deficit should be financed.

For the United States, as the main reserve currency country, the "need" for financing is not as obvious as for other countries that have to obtain foreign exchange in order to be able to pay for their imports.

"But does this also eliminate the desirability of some deliberate financing of the U.S. deficit?" Mr. Witteveen asked.

The United States, from time to time, has been urged by IMF officials and other governments to help finance its payments deficits by using official U.S. monetary reserves.

This was a highly controversial issue in 1971, just before the United States abandoned the par value system for currencies and stopped redeeming official dollar holdings abroad in gold.

If the United States does not help to finance its international payments deficits, Mr. Witteveen noted, the extent of any depreciation of the dollar would be determined mainly by the foreign exchange intervention policies of other nations.

Confidence Lack Said to Delay Economic Recovery in Japan

By Sam Jameson

TOKYO, Feb. 15.—Toshio Doko, president of Keidanren (federation of economic organizations), said today that a lack of confidence among business leaders was delaying economic recovery in Japan.

To combat it, the influential business group would form its own "vision" for the next two or three years to help restore "vitality and confidence" in enterprises, Mr. Doko told newsmen after a meeting with vice-presidents of Keidanren.

Mr. Doko did not mention it, but the announcement, in effect, represented a statement of the business world's lack of confidence in both Premier Takeo Fukuda's stated goal of achieving a 7-per-cent real growth in fiscal 1978 (beginning April 1) and Mr. Fukuda's declaration that real growth of close to 7 per cent would be achieved for the following fiscal year, as well.

Rikuzo Koto, senior managing director of Keidanren, who met newsmen with Mr. Doko, said business leaders were fairly confident that pump-priming measures which the government has been implementing for nearly two years would begin to show effects around May or June.

"But the business world still has no confidence as to what

**Expansion Seen Ending Within Year
U.S. Business Is World's Gloomiest**

By Leonard Silk

NEW YORK, Feb. 15 (NYT).—The greatest riddle facing the stock market, capital goods industries and Washington policymakers today concerns why, with the U.S. economy advancing more strongly than others, unemployment improving and the almost universal forecast for continued expansion through 1978, the state of business confidence is so low in this country. The stock market itself, dragging along below the 800 level, is one measure of that lack of confidence.

Now a worldwide survey by the McGraw-Hill economics department throws new light on the gloomiest business mood in the United States and what may lie behind it. The survey found that, among executives of leading corporations in 13 industrial countries, business confidence was next to lowest in the United States—only in Belgium was it lower.

The business mood was not exuberant anywhere, but the countries with relatively high confidence were Britain, West Germany, Italy, France, Denmark, Norway and Sweden.

The confidence index was based on corporate executives' answers to 11 questions covering their companies' sales outlook six months and 18 months ahead; the country's economic outlook over the short-term and 18 months ahead; the direction of the rate of inflation, short-term and long-term interest rates and profit margins; and the companies' relations with labor and with government.

Positive answers to all 11 questions by all executives in a country would have given it a score of 100, negative answers to all questions a score of zero and "same" or "average" responses to all questions a score of 50.

The United States scored 43.2, or 7 points below the 13-country average of 50.2.

The country-by-country comparisons cannot be taken too literally, as Douglas Greenwald, chief economist of McGraw-Hill Publications, concedes. The high level of business confidence in Britain follows several years of slow growth or no growth, combined with very high inflation, and the survey points out that "Italian businessmen are relatively confident largely because economic conditions cannot get much worse."

Thus, when a British or Italian businessman says he expects more sales or less inflation, he is feeling only relatively better, like a person who stops sitting on a hot stove. Mr. Greenwald stresses that the index for each country should be regarded as "a relative, rather than absolute, measure."

A clearer picture of what accounts for the depressed state of business confidence in the United States emerges upon examination of the responses to particular questions. This country's low confidence rating was due largely to questions having to do with the 18-month business outlook, the rate of inflation in the next six months, the direction of both short-term and long-term interest rates six months ahead and current business-government relations.

The executives of 51 major U.S. companies who responded to the survey were relatively pessimistic about the 18-month outlook for the economy, with an index score of 37. On the short-term economic outlook, the score of U.S. executives was 59.5. This implies that most American businessmen, though recognizing that business is now getting better, expect a slackening or recession within the next year and a half.

Asked how they expected the rate of inflation to go in the next six months, the American executives scored 23.5, with most expecting inflation to worsen or remain at its present rate of approximately 6 per cent. The U.S. score of 22.5 compares with 26.5 in Britain, where inflation has been coming down, and 52 in West Germany, where the rate of price increase has stabilized at about 3.5 per cent.

On the outlook for short-term interest rates, U.S. businessmen scored 17.5, implying that most of them expect short-term rates to go higher in the next six months, which is considered bad news for the stock market. Their expectations on long-term rates were only slightly better, with the U.S. index registering 22.5 compared with 32.5 in Japan and 33 in West Germany.

What does the McGraw-Hill survey add up to? It shows that most American businessmen are convinced that the current economic expansion, now three years old, cannot last more than about another year.

One Bank to Provide Funds**City of Paris Makes Euromarket Debut**

By William F. Low

BRUSSELS, Feb. 15 (REUTERS).—The city of Paris is making its debut in the Euromarket, informed banking sources say, and is borrowing around \$30 million for 5 years.

In contrast to most Eurocredits, the Paris loan is not being syndicated among a group of banks.

Instead, the French bank Société Générale is providing the funds itself.

According to the sources, one reason why the credit is being syndicated is that it pays a very low interest rate. Although not confirmed by Société Générale, the sources suggest the interest-rate margin starts at just 1/2 per cent.

Such a spread marks the lowest recorded in the present cycle. A number of banks, both French and foreign, indicated that they would not agree to such a rate even for a prime credit risk like Paris.

Another two French credits are in the process of being arranged at higher margins, the sources say. SIF is reportedly borrowing around \$50 million for a minimum of 5 years on a spread of 5/8 per cent, while the steel group GSI is raising \$50 million for 5 years at 1 3/8 per cent. This high rate reflects the lack of a state guarantee as well as the problems currently facing the French steel industry.

No more French loans are expected to be launched on the Euromarket until after the forthcoming elections. Bankers say the situation is too uncertain to guarantee the success of credits for French names.

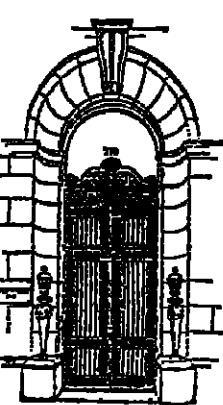
International bankers are divided over the impact that a win for the left would have on French credit ratings in the Euromarkets. Most bankers feel France would still remain a triple-A credit risk, but a minority believes French borrowers would be forced to pay more.

Japan Firm's Issue
TOKYO, Feb. 14 (Reuters).—Isikawajima-Hartma Heavy Industries Co. plans to make a dollar floating rate note issue in Europe, the first of its kind from

Earnings in Britain**Rose 2% in Month**

LONDON, Feb. 15 (AP-DJ).—Average earnings of British workers in production industries and some services rose in December by 2 per cent—the third consecutive month—to month increase, the Department of Employment said today.

On a year-to-year basis, the rise in average earnings accelerated for the fourth straight month in December to 10.5 per cent—the highest figure since last April—and up from 10.3 per cent in November.



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**Stocks Close Lower
In See-Saw Session**

NEW YORK, Feb. 15 (REUTERS).—Stock traders, shuffling off a dividend boost by American Telephone & Telegraph Co., sent the market into its fifth straight decline today.

Sentiment improved a little at midsession when American Telephone announced it was raising its quarterly dividend to \$1.15 a share from \$1.05.

The Dow Jones industrial average closed at 761.69, down 3.47 points at a new closing low for the year. The previous 1978 closing low was on Jan. 26, when it finished the session at 763.34.

Prior to that session, the last time the index closed lower was on April 8, 1976, when it ended the day at 749.52.

About 825 issues showed losses today with about 485 higher.

Volume totaled 26.17 million shares, compared with 20.47 million yesterday.

The market fell over a broad range in early trading after the coal operators rejected President Carter's call to resume coal contract negotiations with the coal miners union at the White House.

The industrial index rallied to a loss of only a fraction after the coal operators reversed themselves and agreed to resume negotiations. However, it fell off again in late trading.

Also adding to the market's uneasiness was a White House announcement that the coal industry agreed to resume labor contract talks with striking miners later today, Wall Street analysts said.

The Dow Jones industrial average, down more than 4 points prior to the AT&T's dividend action, cut its loss in half, but resumed its downtrend in the final hour.

Speeding the decline was a government report that U.S. retail sales declined 3.1 per cent in January, the largest drop at least since 1967.

Other factors bearing on the market were investor doubts that Treasury Secretary Michael Blumenthal's talks with West German leaders produced any results, the analysts said. These doubts were reflected in the dollar's continued weakness in world currency markets.

The standout loser was Massey-Ferguson, dropping 2 1/8 to 9 5/8 in busy trading. The company said it will omit dividends on its common and cumulative preferred shares for the current quarter in view of a preliminary estimated net loss of about \$38 million.

American Telephone, also active, gained 3/4 to 60 1/8 and Howard Johnson, the volume

leader, was up 1.2 to 13 on persistent takeover rumors.

Among other losers, R.I. Burns fell 7.8 to 11 5/8. The company expects a substantial loss in the second quarter because of the coal strike. Fibreboard, again omitting its dividend on common stock, was steady at 13 3/4.

On the bright side, Foster-Wheeler, considering a stock split, jumped 1 1/8 to 28 3/8.

Prices finished lower on the American Stock Exchange in light trading. The Amex index fell 0.21 to 123.45.

Offshore Co. jumped 12 1/2 to 32 7/8. Southern Natural Resources, down 5/8 at 28 5/8 on the Big Board, proposed a statutory merger. Southern already owns 91 per cent of Offshore.

Dollar Rallies After Opening Sharply Down

LONDON, Feb. 15 (AP-DJ).—The dollar, which opened sharply lower today in European foreign exchange dealings against the main Continental currencies, rebounded on profit-taking and short-covering and finished little changed on the day.

Apparently, many operators went short of dollars in the morning before the Bundesbank probably stepped in to give the U.S. fund a slight boost. Then, after profit-taking pushed the dollar up and the market grew more cautious, noting the New York Federal Reserve's support actions late yesterday, the U.S. currency regained further ground. Short-covering followed, dealers said.

There was no fresh news affecting the dollar specifically, dealers said.

In Paris, French President Valéry Giscard d'Estaing said the franc "isn't sick because of the economy." He cited political reasons and congratulated Prime Minister Raymond Barre on the "rapidly and effectively" of the measures he had taken to protect the French currency.

The French franc firmed against several major currencies following the news and forward discounts narrowed, indicating a firmer underlying trend for the French fund. The dollar lost 1.37 centimes on the day at 4.8438 francs.

Against the deutsche mark, the dollar firmed 7 points at 2.0667 marks. It lost 10 points against the Swiss franc at 1.9190 francs.

The U.S. unit was steady against the yen at 240.65 yen versus 240.63 yen late yesterday.

The pound came under some early "professional selling" pressure, reaching a low of \$1.9240. It later rebounded to \$1.9344, down 16 points on the day.

Italian Payments Surplus Widens

ROME, Feb. 15 (AP-DJ).—Italy posted a balance of payments surplus of \$58 billion lire in January, the Bank of Italy reported today, based on provisional figures.

Part of the surplus was due, the central bank said, to 225 billion lire in loans taken abroad. The January surplus was an improvement from that of \$22 billion lire posted in December and the deficit of 42.6 billion registered in January, 1977.

For all of 1977, Italy had a provisional surplus of 2,044 billion lire, net of loan repayments of 350 billion, compared with a deficit in 1976 of 1,028 billion.

Swedish Jobless Rate

STOCKHOLM, Feb. 15 (AP-DJ).—Swedish unemployment totaled 110,000 persons, or 2.6 per cent of the labor force, in January, up from 77,000 in December and from 95,000 a year earlier, the Ministry of Labor announced.

W. German Economy Gains, Domestic Demand Is Cited

FRANKFURT, Feb. 15 (AP-DJ).—The West German economy showed a significant upswing in the fourth quarter of 1977, but the decisive factor was domestic demand, rather than foreign demand, the Bundesbank said in its monthly report for February.

After stagnating in the second and third quarters, West Germany's gross national product showed a seasonally adjusted real rise of 1 per cent in the fourth quarter from the third quarter. As in the third quarter, it rose by a real 2 per cent from the like 1976 period, the report said.

The most obvious sign of the pickup in domestic demand was a 7-per-cent rise in domestic orders to the machine manufacturing industry in the fourth quarter compared with the year-earlier period. The construction industry also registered a sizable increase in orders, partly as a result of the federal government's medium-term investment program, the report added.

Currently, there are definite signs of an improved investment climate, the Bundesbank said. It cited the effect of increased government spending in the second half plus favorable borrowing conditions as key factors in this development.

The central bank stressed, however, that despite a relatively strong rise in foreign orders toward the end of the year, the export sector remained under pressure from the rising value of the deutsche mark. The mark's revaluation has gone far beyond what price and cost relationships between Germany and its trading partners justify, it added.

From the German side, however, little can be done to change the situation, it said. "The German economy—through holding prices and costs stable—must adjust to current exchange rates, if it does not want to lose employment and output capabilities," the report said.

The report said further that through the number of unemployed increased sharply in the winter months, the seasonally-adjusted percentage of jobless fell to 4.4 per cent by the end of January, 1978, from 4.6 per cent in July, 1977.

Current Reserves

As a direct result of foreign exchange market turbulence in recent months, the Bundesbank's foreign currency reserves rose by 10 billion marks in the November-to-January period, the report said. To diminish the impact of this on the domestic money supply, the Bundesbank mopped up 25 billion marks in liquidity during January through offering paper without redemption requirements, it said.

This measure, along with restrictions imposed in December on foreign purchase of German domestic securities, should curb the expansive effect of foreign inflows of capital on the domestic money supply in the future.

The central bank noted, however, that if the central bank money supply continues to expand at the seasonally adjusted 15.5-per-cent annual rate posted in the November-to-January period, the Bundesbank's 8-per-cent growth target for 1978 would be overstepped.

Earnings Stagnant

Another report today said that despite an expected pickup in sales, most German companies do not expect earnings to rise in 1978.

A survey conducted by the IFO

West Germany Ranked Third For Labor Cost

COLOGNE, Feb. 15 (AP-DJ).—West German companies rank third among industrialized countries in what they must spend in labor costs, a study by the German Economic Institute (EWI) said today.

With personnel expenses averaging 18.92 marks an hour, West Germany was behind only Sweden, with costs of 20.75 marks an hour, and Belgium, with 19.16 marks, the institute said.

Next on the list were the Netherlands (18.72 marks), the United States (17.76), France (12.33), Italy (11.83), Japan (10.57) and Britain (8.09).

According to EWI, one of Germany's leading research groups, Germany's position in terms of labor costs has especially deteriorated against its three largest competitors—France, Italy and Britain—since 1970. U.S. personnel costs were 3 per cent below those of Germany as recently as 1975, and now are 6 per cent lower.

W. German-U.S. Discord Is Deep, Italians Report

ROME, Feb. 15 (AP-DJ).—Italian officials briefed over the past two days by U.S. Treasury Under Secretary Anthony Solomon said that the U.S.-West German dispute over boosting German economic growth is deeper than officials of those two countries have declared publicly.

The Italians, who wished to respect the "informal" nature of Mr. Solomon's visit and speak off the record, said that they had been told that Treasury Secretary Michael Blumenthal had been tougher in his talks with Chancellor Helmut Schmidt than had been thought.

In this, the Italians were mirroring remarks attributed to the weekly Die Welt to West German Economics Minister Otto Lambrecht, to the effect that Mr. Blumenthal had said in strong terms that the Bonn government was not doing enough to speed up economic growth.

Both Mr. Blumenthal and Bonn spokesman Armin Gruenewald had played down the intensity of the talks.

Mr. Solomon's position here, in his contacts with the ministers of the Treasury, finance and foreign trade and leading industrialists and bankers, was that this "locomotive" action by West Germany would be a big help for the Italians as well in getting a stagnant economy going again.

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Manager—Geneva Office

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21 Rue du Rhone, 1204 Geneva, Switzerland

Art Buchwald

Winter of Discontent

WASHINGTON.—People used to talk about the weather, but now they just sit in front of their TV sets and curse it.

Everyone has a theory why this country has had such horrible winters. One was advanced by a friend of mine named Merkin. While I personally don't buy it, I feel obligated to pass it on.

Merkin believes all the bad weather in the United States began just after Anita Bryant attacked the gay population in this country.



Buchwald

"God," said Merkin, who is very devout, "but very angry with Miss Bryant when she said He doesn't like gays, and He's been punishing us ever since."

"How do you know this?" I said.

"I talk to God every night," Merkin said. "Right after Miss Bryant's attack He became very upset and decided to teach us all a lesson. You see, God loves us all, and He doesn't distinguish between heterosexuals and gay people. As far as He's concerned, we're all His children, and when one person says He doesn't like a certain group of people He becomes furious."

"But Anita Bryant talks to God, too, and she says God is against homosexuals and believes they're sinners."

"She doesn't speak to the same God I do," Merkin said. "God is too busy to get involved in people's sex lives. As long as they don't hurt anybody, my God believes everyone should be left alone."

48 Bingo Parlors Closed in Madrid

MADRID, Feb. 15 (UPI).—The provincial government has closed down 48 of Madrid's increasingly popular bingo parlors because of irregularities in these establishments, officials announced.

The 48 bingo establishments had a turnover of about \$475,000 per day. The closures leave 19 parlors in operation.

to the same God," I protested.

"After all, there is only one," Merkin said. "Maybe she's not hearing Him the same way I do. Everyone hears Him differently. My message from Him is that there are a lot of straight people who are sinning and are on their way to hell, and there are a lot of homosexuals who will be allowed into heaven. What's getting God really sore is that there are more and more people in this country telling others that He does or does not like. That's why we're having such bad weather."

"Merkin, has God told you this Himself?"

"I'm afraid He has."

"When?"

"The other night, just before I went to bed."

"What exactly did He say?"

"He said everyone is using His name these days to plus his or her own cause. People are making fortunes telling the rest of us what's good and what's bad. He says He's being sold on television like soap or toothpaste. What's even worse is that anyone who has a political ax to grind says that God supports him. If there is one thing we know from the Bible it's that God doesn't like people causing him on His name."

"Did He tell you He was going to drop a pile of snow on the East Coast?"

"Up."

"What did you do about it?"

"I went out and bought up all the rock salt at Sears."

"That was good thinking," I said. "Did God say He was going to continue giving us all these bad winters?"

"He did indeed. He said He was going to keep it up until everyone stopped saying terrible things about the fellow Americans."

"How do I know what God told you is any more valid than what Anita Bryant says God told her?"

"Why don't you ask Him yourself?" Merkin said.

And that's exactly what I did. That night as I knelt by my bed I said, "God, did you tell Merkin you were punishing all of us because everyone was using your name for his or her own purposes?"

There was a pause, and then God said, "Merkin talks too much."

'Yesterday's children are today's parents, and yesterday's outrage is today's multimillion-dollar business...'

Frank Zappa: How to Make Rock Tick

By Michael Zwerin

PARIS, (DET).—Frank Zappa's "The Mothers" attracted weirdos, intellectuals, hipsters, Lenny Bruce fans, misfits, musicians and, of course, hippies, who wanted to be outraged and above all to outrage their parents.

One critic said they sounded "like a zoo burning down." A certain Suzy Creamcheese described them: "One guy wears a head, and they all smell bad." Nervous about the dirty implication of the name, MCA Records insisted on adding "... of Invention" after it. A reviewer wrote: "The Mothers of Invention will not necessarily back a few years."

Zappa learned to read and write music "in the library," which was "cheaper than music school." He collected rhythm and blues records, listened to Weber and Varese. He cut records named "Uncle Meat," "Hot Rats," and "Burnt Weenie Sandwich." He wrote lyrics such as:

"She's a dirty young mind, corrupted and corroded, She's thirteen today, and I hear she gets loaded."

Onstage, the band was described as "a cleverly animated, pornographically delightful musical revue." The music combined visual showmanship, electronic sound improvisation and attention to musical detail. It was provocative music, in many ways ahead of its time. Zappa was one of the first to approach electronic pop as a serious form. And like anything avant-garde, it outraged the entrenched.

Zappathetic

That was over a decade ago. Yesterday's children are today's parents and yesterday's outrage is today's multimillion-dollar business. Although it has been said that many American customers have grown "zappathetic," export sales are healthy. Europeans buy his freaky view of U.S. culture. Anything but freaky, however, when it comes to business, Zappa is a responsible, organized, executive with full control over every aspect of his well-oiled organization, now known simply as "Frank Zappa" and currently on an extended European tour.

Zappa the Personnel Manager: "I have a large overhead in terms of employees. For every guy onstage there are two others who take care of the equipment. In other words it's a seven-piece band and there are twenty-one people on the road. Most of them are on a year-round basis, which is unusual in this business. My music is extremely difficult, and a lot of the equipment is custom-made. I can't go out and hire some guy off the union floor, or somebody with bad muscles."

The Technical Director: "They're my lights. I own all the sound equipment and 99 per cent of the musical instruments. Our Hammond organ is especially modified with a system that hooks it up to a set of electronic drums. That gives me the chance to write music that has, say, a 61-note series of tuned tom-toms triggered by the keyboard. I invented that, and



"I think I know what I'm doing by now."

applied it using existing electronic devices and then paid somebody to physically interphase the thing. I carry somebody else on the road to make sure it works every night. Since it's a one-of-a-kind unit, we've got to have a baby-sitter for it. Then there's the blue box onstage with all my guitar effects in it. The German technician who originally put the box together is on the crew watching over it, and I just added another guy who's learning the ins and outs of the entire technical operation and who is also our guitar mechanic."

The Field Boss: "All our stage equipment goes up in four hours. From the time our crew gets in there to the time they open the doors to the public. It's 35 tons of stuff... the equivalent of building and balancing an entire recording studio in four hours."

The Sound Engineer: "There are enormous problems playing music for large numbers of people. The ideal would be to have an acoustically perfect hall with speakers all around so everybody gets an equal amount of sound. But a place like this does not exist, will probably never exist, and it's impossible to build that many speakers around the world. So we've got to use brute force for the people in back to hear the most effective. Unfortunately means that the people in front are getting their ears ripped off."

The Creative Director: "The biggest problems doing our kind of heavily orchestrated, organized music the way we do it, non-stop, are memorization and concentration. To make all those cues in sequence, I go for precision. I don't always get it but I go for it. Not that we play the same thing every night. We open the sequence for solos and each guy is responsible for his own content. But the music is not jump. If anybody even questions the word jazz in the band I punish them. Jazz leads to chaos. You can't go into a hall with 8,000 people in it and experiment. The audience has paid a lot of money for the tickets. I want to make sure these people get the show they expected, and have a pleasurable experience. I think I know what I'm doing by now. I've been doing it for 14 years and I'm getting good at it."

PEOPLE: Queen's Physician Finds Duty Precedes Honor

When Sir Richard Baylis, personal physician to Queen Elizabeth, went to Buckingham Palace Tuesday, he expected to be knighted by his sovereign.

Instead, Sir Richard found that both the Queen and Prince Philip were suffering from the flu, and sternly ordered them off to bed. Palace sources later said the couple had been downed by an influenza strain called "red flu," which usually keeps its victims out of action for about 48 hours. All of the Queen's appointments were cancelled, including a meeting with Prime Minister James Callaghan. And Sir Richard did indeed get his knighthood. Prince Charles, standing in for his mother, tapped the doctor on the proper shoulder, right on schedule.

Sen. Muriel Humphrey, appointed to replace her late husband, has promised to decide by April whether or not to seek election for a full six-year term.

Clifford Irving, who is being sued in New York by G.P. Putnam's Sons for repayment of a \$15,000 advance on a book that oddly enough, was "The Case of the Missing Man," summed up his decision this way: "Putnam gambled and lost, and so did I." Putnam's claims Irving failed to deliver his manuscript on time; Irving says Putnam's turned down the book. The case continues.

Travel Notes: RAF Flight Lieutenant David Cyster, trying to fly a 31-year-old Tiger Moth biplane from England to Australia solo, reached Crete from Athens Wednesday. Next stop: Egypt. Meanwhile, Norwegian explorer Thor Heyerdahl, afloat in a reed boat in the Arabian Sea, said in a radio message received on Karachi that the toughest part of his cruise there was broken in a storm but that his voyage was continuing as planned.

Andre Previn has extended his three-year contract with the Pittsburgh Symphony Orchestra for another three years. The conductor's new arrangement will allow him to continue as music director of the symphony through the 1981-82 season. Previn, who lives in London, will continue to conduct for 14 weeks of the Pittsburgh

burgh symphony's 24-week season, while also serving as principal conductor of the London symphony.

Avital Sheharansky, wife of Anatoly Sheharansky, the Jewish dissident jailed in the Soviet Union and facing treason charges, has denied a report by Tam, the official Soviet news agency, that they were never actually married. The Tass report last week quoted Mrs. Sheharansky's parents as saying their daughter's marriage was not registered in a synagogue or official register. In her denial Mrs. Sheharansky, who is now in the United States, did not mention her parents, but she said: "I have been the wife of Anatoly Sheharansky for almost four years. I had the honor of being present at my own wedding, conducted by a rabbi in the presence of witnesses. I have a marriage contract approved and authorized by the high rabbinical court of Israel. These documents are in the possession of my husband's parents, the Supreme Soviet and the foreign office of the Soviet Union."

Hoping to cash in on J. D. Salinger's fame as a writer and his obsession for privacy, a wildcat publishing venture, reportedly headed by a mysterious "John Greenberg" of Berkeley, Calif., hopes to print in 1978 unauthorized editions of the author's early writings. The pirated volumes, called "The Complete Uncollected Short Stories of J. D. Salinger," turned up in bookstores in California, the Middle West and the East. Breaking 20 years of public silence in November, 1974, the author of "Catcher in the Rye" and three other books denounced the new editions as "stolen." Salinger said "I never had any intention of publishing them." In Federal District Court in San Francisco Salinger sued "John Greenberg" and 17 bookstores for copyright infringement. The lawsuit has long since been settled, with the bookstores paying "small damages," according to Neil Shapiro, Salinger's attorney. And the unauthorized publishing has cost the San Francisco lawyer said. But to this day, "John Greenberg" has not been found, though the Federal Bureau of Investigation joined the hunt for him a time.

—SAMUEL JUSTICE.

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Government Push Aids Industrialization Despite Obstacles

RIYADH, (IHT).—The problems of manufacturing in Saudi Arabia are the same problems that industrial investors face in any underdeveloped area—only magnified a hundred times," as a businessman here puts it.

Yet both the government and private entrepreneurs in Saudi Arabia are pushing slowly ahead with their plans to industrialize this oil-based country.

Any short list of the difficulties must mention the absence of infrastructure, the lack of any skilled, experienced work force, the greater risk of breakdowns inherent in the severe Arabian environment, the need for special processes such as the refrigeration of oilseeds, and the difficulties of maintenance and quick repair far from mechanics and spare parts. Financial disincentives exist, too: higher costs for both capital and labor and the uncertainty caused by high inflation rates.

Government intervention, directly and through subsidies, is surmounting these obstacles.

Plans for heavy industry are moving ahead slowly under the new government-run Saudi Arabian Basic Industries Corp. (Sabic) while private-sector light industry is taking shape at a faster tempo.

Industrial Core

At Sabic, the goal is to construct the heavy industrial core for Jubail and Yanbu, the new development complexes to be fed by natural gas and Saudi crude oil. The main current efforts are the petrochemical ventures, primarily with American oil majors, to mount four ethylene-based plants. Sabic is also consulting Japanese firms on other petrochemical projects and Taiwan on another fertilizer venture.

On the back burner, Sabic is working with the West German firm, Korf, on plans for a steel plant using imported iron ore to produce sponge iron. Aluminum is an even more remote possibility.

The philosophy of Sabic is to follow a hard-headed "business approach" despite its government ownership, according to its chief executive officer, Abdul Aziz Al-Zamil, who headed the technolog-

ically oriented University of Petroleum and Minerals here before taking this job.

"Our projects are meant to be viable by normal business standards," he says. "Since our stress on partnership with foreign companies, they can have up to 50 per cent ownership, and we insist that they do take some equity. It is a guarantee for us that they believe the risk is commercially acceptable."

Sabic has a staff of 100 people here at headquarters in the Saudi capital, but another 600 specialists of Sabic are scattered in major industrial capitals—some at Shell, a prospective petrochemical partner, others at Korf, another petrochemical partner, and still others at the work up Saudi Arabia's projects.

In keeping with the Saudi Arabian philosophy of encourag-

ing private enterprise and spreading wealth to all Saudi citizens, Sabic intends to sell itself to the Saudi public. Up to 15 per cent of the shares, today all held by the government, eventually will be marketed—presumably within six years, but in practice probably only as soon as Sabic looks profitable.

The \$3-billion corporation extends a list of inducements to foreign partners—cheap gas, cut-price utilities, nominal rents, tax holidays—in order to attract help in converting Saudi Arabia's hydrocarbon resources into manufactured goods. The enterprise will become really profitable, some analysts say, when the kingdom's other resources can be utilized, too: a survey of mineral resources is a major current thrust of the second Five Year

Plan. Substantial finds of iron ore, for instance, could alter the economics of the steel mills.

Sabic's emphasis on economic realism showed in two recent decisions. The first was to scale down by half its originally planned steel investment and limit itself to a local Saudi market, which would absorb 200,000 tons of steel billets to be produced by the Sabic/Korf direct reduction mill. Sabic's Mr. Al-Zamil shows relief when he explains that the reduced plant size means Sabic "will no longer have to worry about world market conditions" in the steel industry.

Secondly, Sabic has effectively laid aside its plans for an aluminum smelter in Jubail. Instead, there is considerable talk here of investing in the modernization of the smaller already operating in

Bahrain. This approach of oil-producing countries investing in one another's industries to achieve joint ownership, and optimum economic advantages appears increasingly favored among planners here as the competition and duplication and achieve a united front to break into world markets.

Meanwhile Sabic hopes to carry out the heavy industrialization which will provide spin-offs for privately started Saudi lighter industry.

The output of Sabic's steel mill, for instance, will feed two plants now planned as joint ventures to produce rebars for reinforcing concrete—one at Yanbu planned by Ghazi and Khalid Al-Fozan and Development Corp. (Bedco) (which just acquired Bert Lance's holdings in the National Bank of

Georgia), and Canada's Costeel, and a Jubail plant involving the Al-Ankari family and Italian plants.

Similar spin-offs can be expected from all the government-sponsored heavy process industries, but private entrepreneurs still have a struggle to put together profitable projects, despite the hidden subsidies of cheap utilities, the tariff protection of between 10 and 20 per cent (sometimes placed on required local-purchase before this difference in price), and the cheap loans.

The biggest private industrial venture in the kingdom has just come on stream—the Saudi Cable Co. factory in Jeddah put up by Al-Jubail and Khalid Al-Fozan in partnership with Standard Oil of California and Amstar.

The Al-Fozan received effective

government help: "We got a cheap loan, the government assisted with land, the utilities were brought to the site as promised," Abdullah Al-Fozan ex-

plains. "Even so, we had to provide our own infrastructure: housing for our workmen, a \$10-million transformer to equalize dangerous fluctuations in the power supply, a giant water tank to protect us from the risk of costly shutdowns due to temporary water shortages," he adds.

The Al-Fozan project, which took five years from inception to production, is looking to the day when it can use Saudi-produced polyvinyl chloride (PVC).

The Al-Fozan, like other mer-

chants-turned-entrepreneurs here, essentially are waiting for the

kingdom's infrastructure to reach the level to support private industry. "Look for a takeoff in 1980," one of the Al-Fozan brothers says. Even private industry coordinates closely with the government. The Cabinet vetoed a plan for a privately owned General Motors assembly plant because the value added per man was too low compared to some other industries. However, determination can win over even reluctant planners. The Juffali family pressed ahead with its assembly plant at Mercedes trucks after the government refused to support it, so now that vehicles are starting to roll off, the government has come through with belated funds. Since the Juffali clan has its Mercedes franchise, they can force their own protectionist barriers.

Starting up a light industry plant that will complement merchant's existing enterprise—as well as receiving government aid—is another way which the economic advantage of a factory may be great than they appear to outsiders.

Supplying Aramco has been the route to successful light industry in the eastern province, and the same kind of patronage can now be expected around Jubail and Yanbu industrial complexes.

The most popular venture judged by the number of applications for support comes from the Saudi Industrial Development Fund, are the manufacture of building materials. More than 200 projects have been submitted: Cement blocks and tiles, are saturated, and applications are frozen until 1980.

Metal products is the next in active category, followed by food products. Investments in \$15-million range include meat processing, dairy products, fabricated aluminum, bricks, fabricated building materials, battery acid, glass and a culture.

Bigger private ventures—Pharson fertilizer plant in Jordan, the Al-Fozan's plans a steel-plate plant, an Amstar asbestos cement-pipes plant remain further down the road.

Tale of Two Cities: Realizing a Grandiose Vision

Even in this land of eye-widening statistics, the Jubail and Yanbu complexes make people take notice.

In the space of a decade, the Saudis plan to spend more than \$30 billion to complete the two cities.

Livable Cities

Educated in the United States, the 41-year-old Dr. Akhtar is confident of Saudi Arabia's ability to transform itself into the modern industrial nation exemplified by Jubail and Yanbu. "We are designing cities for people to live and work in," says Dr. Akhtar. "We are spending an extra billion Saudi riyals to locate the residential areas on difficult terrain situated north of the factories to spare people from any threat of pollution."

"We expect Saudis to man the factories. Of course we plan energy-intensive, not labor-intensive, industries so we estimate that the original Saudi foreigner party can be reduced to a 35-

per-cent foreign population by the century's end—provided our women can join the work force."

Dr. Akhtar sees Saudi Arabian cities playing specialized roles in Saudi Arabia in the year 2000. Jeddah, with its port near Europe, will remain the commercial capital; Riyadh will remain the political center—especially after foreign embassies are allowed to move there from Jeddah; Dhahran will attract the researchers and technicians who will gravitate to the computer banks and other advanced facilities planned for the University of Petroleum and Minerals; Jubail and Yanbu, anchoring the kingdom's now deserted northern border (and twinned with the big new military bases at Batin and Tabuk), will ship

out Saudi Arabian products from their own ports.

Saudi planners and foreign contractors are racing against time and inflation to prepare the cities. The director-general of the Jubail project, Dr. Jamil Al-Jishi, 39 and educated in the United States, supervises progress from his trade office on the site. Outside, 3000 Saudi, Korean and employees of Hyundai are finishing the port infrastructure while a Dutch firm continues dredging the unexpectedly rocky harbor bottom.

Incentives

Dr. Al-Jishi has the same commitment to developing Jubail with Sabic. He hopes they will be at-

tracted by a system of incentives, including training, housing and attractive salary scales (a 15-per-cent premium is being discussed). "It will be an entire new community on a model base, which should be attractive to the worker," says Dr. Al-Jishi.

The plan is for Sabic and foreign firms to live closely together in Jubail—the exact opposite of the old pattern which prevailed, for instance, when Aramco built their separate oil town near Dammam.

From Scratch

The Royal Commission has just started looking for Saudi experts to work on solving cultural problems created by this innovation.

Building in Jubail and Yanbu is complex and costly because there is no existing infrastructure. Roads, utilities, desalination plants, housing, ports, telephone—all are being built from scratch and often in competition with other Five-Year Plan projects.

Jubail and Yanbu really are the "end-product" of a major thrust of the overall development plan: the massive desalination project which will supply fresh water and fuel to these in-

dustrial areas, and the giant electrification drive in the eastern province. All these different strands are supposed to come together as part of the national transformation powered by Saudi Arabia's current surplus of oil and finance.

The Jubail Master Plan runs to twelve volumes, which were prepared by Bechtel, the San Francisco-based construction and consulting firm. Their deep involvement in Saudi Arabia has boosted the company to be the world's largest privately owned company. Steve Bechtel sr. first discussed the Jubail complex with King Faisal almost a decade ago, but the full-blown present concept took shape only two years ago. In Yanbu, the key consultant for the master plan was Ralph M. Parsons. Before the project is complete, thousands of companies will have been involved as suppliers.

Industry in Jubail and Yanbu is being developed by the Saudi Arabian Basic Industries Corporation—which is negotiating with major oil, petrochemicals, fertilizer and steel makers—and by Petrochem, which is working with Mobil and other majors on refineries.

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Mr. Nasir M. Ashemimry, Chairman of the Ashemimry Trading and Contracting Company.

As part of the Kingdom of Saudi Arabia's long-term plans in the field of development, massive construction and industry programs have been inaugurated which call for extensive building projects and the industrialization of the Kingdom.

Recently, the Ministry of Industry awarded industrial licenses to the Ashemimry Trading and Contracting Company of Jeddah, Saudi Arabia. This achievement is due to the commitment on the part of Nasir M. Ashemimry, Chairman of the Ashemimry Trading and Contracting Company, to the building and development of his country, and to its progress. Mr. Ashemimry has put a great deal of work and effort into studies and proposals for these factories, as well as other current construction contracts, both government and private.

Born in Mecca thirty years ago, Mr. Ashemimry has been educated both in Saudi Arabia and in the United States (where his course work was in Business Administration at Texas Christian University, plus further management studies in Oakland, California). Much of his foreign education came as the result of his decision, as a young man, to join the Kingdom's airline, Saudia, as a student pilot, in 1952.

His training first took him out of Saudi Arabia to Beirut, and thence on to his studies in the U.S.A., where he also did his Aeronautical Engineering work in Ardmore, Oklahoma. This early professional training led to his being certified as a Federal Aviation Authority

Dispatcher and Pilot, and has resulted in, among other things, his ability to fly Boeing 707s as well as the private jets he flies for his personal and business purposes.

Proud of his Saudi Arabian origins and traditions, Mr. Ashemimry is clearly contributing a major effort to his country's future in the vast project his company now has underway. In looking ahead to that future, he realizes that increasing co-operation will be needed between the Kingdom and the foreign business community.

Because of this, and due to his own international experience, Mr. Ashemimry is well-positioned to discuss the world of Saudi Arabian business in terms of its developing patterns and those perspectives on it of importance to foreign businessmen.

In the belief that wider understanding on the part of the international business community will benefit both the Kingdom of Saudi Arabia and the community itself, Mr. Ashemimry recently discussed, with a foreign journalist, some of the key things which he feels are important for businessmen interested in Saudi Arabia to know. Excerpts from this interview, below, provide a useful and valuable guide to the "business of international business" in Saudi Arabia.

Bedrock Advice To The Businessman

The first question which comes to most businessmen's minds when thinking about Saudi Arabia is "How?" to get going at it. In the following questions and answers, Mr. Ashemimry gives his views on the subject.

Q. As an internationally experienced Saudi businessman, Mr. Ashemimry, what's your recommendation to foreigners interested in doing business in, or with, Saudi Arabia?

A. If there is one answer before all others to that question, it would have to be, "Get to know us, our country, our traditions, our laws and our customs." I really can't emphasize this enough. We are a very proud people, who trace our ancestry back to Adam, and while

we respect your world and your accomplishments, we have our own very strong feelings, laws, customs and so on. Our world is different from yours, and while we will undoubtedly see change in our future, it will be at a pace with which we are comfortable, and only in those areas where we see it as desirable.

Difficult though it may be, I can't recommend anything more strongly to the foreigner who would come to Saudi Arabia to do business than that he try, after he has learned all he can, to understand why we are who we are, and to appreciate how we see ourselves, and how we think about ourselves, our society, and our country.

Q. Has that been a problem for foreign businessmen, which has caused difficulties?

A. Sometimes, sadly, yes. Too often, we have seen the visitor who comes here with no true understanding of what we are doing, and how we are, in fact, building a far better nation for our people. We are a growing country, and we have exactly the same sort of growing pains any country would expect to have if it were to embark on the kinds of major efforts we are making. The businessman who comes here, and is frustrated because he can't get through on the telephone at the precise moment he wishes will, I hope, pause to think how his "home country" telephone service might be upset on occasions, if it were being overhauled, or rapidly doubled in capacity. To the foreigner, accustomed to a long-in-place infrastructure of technology and communication facilities, it has too often been forgotten that we are trying to put these taken-for-granted things into place

at an incredible pace, and over vast territory. We are sorry when we see the foreigner's frustration intrude on business dealings in which both he and we are interested, and we wish we could somehow get him to appreciate that for us the frustration is not there in such force because what is happening in our society is, in fact, taking place very quickly to us.

Q. Your point's taken. But, once a foreign business visitor has understood these things, what should he do in terms of establishing a business presence in Saudi Arabia, and trying to conduct his affairs?

A. That's perhaps the second thing I should emphasize as strongly as I can. Foreign companies do themselves an injustice if they don't seek out and find a Saudi Arabian partner. I don't mean by that to imply that they may not be well-equipped to do business in Saudi Arabia. It is more a consideration of the intense competitiveness of the world of business here, and the enormous advantages there are in having a solid Saudi Arabian partner with whom to build a strong, long-term business here.

Q. How do you find a partner?

A. Really, the foreign businessman should come to Saudi Arabia, in person, after learning all he can from outside sources, and talk to local sources, such as other foreign firms already doing business here, to get an idea of which of our businessmen, or of our organizations, appear to be most suited to be helpful in the pursuit of the foreign firm's business interests. There's a business encyclopedia available, which lists many sources of interesting

and interested local business operations.

It really doesn't take long to reach a "short list" of potential partners who seem appropriate to the particular business involved. Once that's done, one needs to spend some time getting to know more about the potential partners themselves, both on a business level and on a personal basis.

The foreigner should ask for, and check on, bank references, and should physically go to see the projects the potential partners have already completed, or which they have under way, or the operations which they are running. Remember, there are many very large developments in the Kingdom now being tendered, or about to be tendered, and the competition for them is very strong. Many companies have been pursuing particular projects for a long time, and may therefore sound as if they are suitable partners, yet in fact, they may not yet be truly established with an existing record of major accomplishment. It is always better to see active projects in which the potential partner has already proven his ability to win out amongst the many, many competitors who may have attempted to win a major contract. In that way, the outside businessman gets a better sense of the capabilities of the company with whom he may wish to work.

Q. What about the other side of the coin; what will be the things the local partner will want to know about his potential foreign business colleague?

A. As you might expect, the Saudi businessman is going to want to know if the outside business is really capable of doing what they say they can. The

foreigner should be ready and willing to show his own previous or existing work, as it stands outside the Kingdom. He should also be comfortable in providing banking references, for checking by the potential local partner, but that's all perfectly normal business dealing in any part of the world.

One thing I'm aware of that is often not appreciated fully by foreigners is the degree of personal sociability which goes with our customs of doing business in Saudi Arabia. For us, our long tradition of knowing each other socially as well as in a business sense makes a much more interwoven business/social atmosphere than is found in many foreign countries. To the visiting businessman, that which we see as normal friendliness may often be taken as falling on our part. That's not true; we want to know and appreciate those with whom we do business, whether they are other Saudis or foreigners.

The visiting businessman should get to know his Saudi partner socially, not only because that makes for better business relationships, but because the local partner will be enormously helpful in seeing to it that the foreigner does, in fact, understand the local laws, customs, traditions as key elements in our society.

Q. Once actually organized for doing business in Saudi Arabia, what should the foreign businessman expect, in an operating sense?

A. That will depend, of course, in many ways on the nature of the business in which he is operating, but it is fair to say that he will be wise to anticipate things taking longer than

he might be used to in his own country. He should allow for that, which will be easier for him to do if he stops to realize that the systems he may be used to in, say, Europe, have been in place for a very long time, and we are here having to cope not only with the installation of new systems, but also with a sharply increased number of people making demands on those systems, much of that number, I might add, being made up of exactly these foreign business people we have been discussing.

To illustrate what I mean by this, take the simple concept of pricing. It must be done with great care, as things change very quickly in some cases, due to competition or government actions. For example, a bag of cement in Spring, '76 cost 25-30 Riyals and you couldn't find them. Now, bags of cement are freely advertised everywhere, and are available at about 10-11 Riyals. There was a time when food prices began to soar, so the government decided to step in with subsidies to hold the price of food down for the people.

Again, that's where the value of the local Saudi partner can be of such help to the foreign businessman. The Saudi partner will have a better sense of conditions in the Kingdom, and that better sense is likely to be a key factor in preparing a business plan which succeeds because it is not priced too high, thus losing out on a major contract possibility, nor too low, resulting in a contract of major proportions on which the partners make no profit.

Conversely, of course, the foreign businessman is ideally situated to bring great strategic benefits to the partnership. He will very likely have ready access to new developments and systems that the local Saudi partner may not see so quickly. If your Saudi partner is not getting the exposure to the business press which you do, you should expose him to it.

Q. What are the commonest mistakes made by

foreign businessmen coming to the Kingdom?

A. Failing to find a Saudi business partner, as I've already discussed, is certainly one, in my opinion. Secondly, failing to respect our laws is an area in which otherwise good outside businessmen have made avoidable mistakes. And, of course, there have been far too many outsiders who have come to the Kingdom to "get rich quick." I suppose these people will be found wherever large amounts of money are involved, but we are looking for a different kind of business perspective in what we seek for the Kingdom.

Q. Mr. Ashemimry, what about your own company, and its role?

A. Hal! That might be a bad question, as I could talk about that for days. Briefly, our company decided to enter the field of industry as I am a firm believer that this, along with our present and future construction contracts, is where we can best serve the Kingdom and the people. One of the major roads to progress is in the industrialization and training of our people, thereby acquiring the needed technical know-how for self-sufficiency. We have started construction of our first factory, and have, at present, seven more to complete. However, this is not the only activity we have which is part of our planning for the future in our country. Our company has long-term multi-national interests in construction, building materials and publishing. Representatives overseas, in Europe and the U.S., help make us more effective here, and I think it's fairly clear that we will continue to be deeply involved in the future progress in Saudi Arabia. As part of that involvement, we hope to help inform the outside world also, bringing it information on our country. Our recent book on the customs and heritage of the Kingdom of Saudi Arabia is, I think, a good example of this kind of effort.

I think our company will become more and more involved, and successfully so, in the business world of the Kingdom of Saudi Arabia.

Q. What are the commonest mistakes made by

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Crossing the Vast Desert—Getting There Is Half the Problem

By Bob Lebling

JEDDAH (IPT)—Getting there is half the problem in Saudi Arabia.

The kingdom's sweeping modernization plan demands a highly developed transport infrastructure capable of moving large numbers of people and staggering quantities of goods across hundreds of miles of desert wasteland.

The nation still conspicuously lacks any distribution system of storage facilities capable of storing local supplies of, say, are parts or food in the vast hinterland where they are sent on this entry port.

Creation of a modern, interlocking transportation network—volving road, rail, air and sea—first became a realistic goal with the quadrupling of oil prices. For the decade after the 1973 oil price hike came to power, when the kingdom's only paved roads were around Jeddah and Mecca and in the oil provinces, nearly 20 per cent of expenditure had been on road building. But the flood of petrodollars in 1974 made it possible for the Saudis to embark on a massive program of road construction and to upgrade the country's tiny rail system, renovate and expand Saudi seaports, well as dramatically boost the kingdom's air network.

American, European and Asian contractors are now implementing projects under the second 5-year Development Plan, which calls for the construction of 13,000 kilometers of highways, 1 paved roads and 10,000 kilometers of earth-surface rural roads.

Among the projects under way is a new trans-desert highway linking the capital of Riyadh to the mountain resort town Taif on the Red Sea coast, summer seat of the Saudi monarch. The desert highway, which will save 100 kilometers over present routes, was set project of the late King Saud, who insisted it be laid a direct course, regardless of difficulties in the terrain. The roadway, to be completed July at a cost of \$83 million, being constructed by Saudi contractors. Aerodynamic shapes either side of the highway have been designed to stabilize shifting desert sands and prevent a buildup on the road surface.

Italian firms have taken a major slice of the roadbuilding business in Saudi Arabia, handling at least 30 per cent of the kingdom's new road construction.

The country's inter-city highways now carry considerable

freight traffic—trucks making long-distance runs to and from Europe and the northern Middle East, and tractor-trailers, hauling containerized goods from the kingdom's seaports.

Of all the kingdom's transport objectives, a country-wide rail system seems the furthest from completion.

The only railroad now in operation is the 600-kilometer line from Riyadh to the eastern province port of Dammam. On the eight-hour journey, the single-track line winds across the desert and through the kingdom's largest oasis, Hofuf, with its big agricultural projects. The famed old stainless-steel cars of

the Denver Zephyr line now make the run, a mileage-like sight until it is explained that the cars were retired from service in the United States a decade ago and purchased by the Saudis in 1976.

The kingdom plans to extend the railway system to Jeddah and Mecca via Taif, and later to

Medina. Preliminary studies of the project have been completed by Arthur D. Little International of Cambridge, Mass. and Sofrel of Paris.

Some 50 American, European and Asian consulting firms are preparing to bid for the five or more feasibility studies the government is expected to award in

1978 for a 2,080-kilometer national rail system.

The Saudis are reportedly considering the introduction of a high-speed express similar to the famed Japanese Bullet train, which would require elevated track beds and fencing to protect the trains from wandering camels and wind-blown sand.

The Saudi Railways Organization is also weighing the possibility of reconstructing the celebrated Hejaz railway, destroyed by T.E. Lawrence and his bedouin rebels in the anti-Turkish uprising of World War I. This proposal, which has been dusted off after being shelved in the wake of the 1967 Middle East war, would connect the western province with Amman and Damascus and link the kingdom with the railways of Europe.

Sources here are skeptical about the reconstruction of the Hejaz line, but they admit that a freight line linking Saudi Arabia's with the northern Arab world would have considerable economic benefits.

The country's seaports are also undergoing dramatic expansion. Gulf and Red Sea ports are to receive an additional 54 piers by 1980 under the current development plan—20 of them slated for the kingdom's principal port at Jeddah.

With the help of petrodollars and imaginative planning, the government was able to eradicate the crippling congestion in the kingdom's seaports in 1977. Waiting times of two to three months were reduced to one or two days by hiring additional dock workers, providing container and roll-on/roll-off (ro-ro) facilities, and unloading vessels via barges, lighters and even helicopters.

Port Facilities

Experts here concur that the elimination of port congestion was one of last year's most important domestic developments. Even more important than new facilities, though, was the skillful role played by management: a policy of auctioning off goods left on the quayside accelerated deliveries; also, regulations were set up limiting access to ships with modern freight-handling gear, and the old scows were retired.

The Saudi Ports Authority recently proclaimed its success in smashing the bottlenecks with advertisements recording that in one week Saudi ports handled 182,584 tons of goods, including 55,018 tons of cement, 29,000 tons of construction material, 3,994 tons of timber, 10,080 tons of steel, 48,788 tons of general cargo, over 32,000 tons of food, and 54,335 head of livestock.

Saudia Flies to Settlements Not Yet Opened by Paved Road

JEDDAH (IPT)—Saudi Arabia's national airline, Saudia, sends its Boeings to settlements in this kingdom that are not yet accessible by paved road.

Subsidized air fares are so low that it costs only about \$15 to fly 200 miles from Jeddah to the holy city of Mecca. The same journey costs twice as much by taxi.

Civil aviation is part of the super-technology which, Saudi planners hope, can help this country vault over the normally painfully slow stages of development. Airport capacity is expanding all over this country; the airline is buying and leasing planes faster than any other company in the world; and improvements in air traffic control, which will include facilities for fully automated landings in zero-visibility conditions, even sandstorms, will eventually put Saudi airports in the world's top category.

Success is bringing its own problems. Passenger traffic is expanding geometrically. "Our plan three years ago forecast that Riyadh airport would handle 750,000 passengers by 1977; in fact, the figure turned out to be 2.5 million passengers there last year," says Civil Aviation Authority Director Abdulrahman Mahdi.

To cope with this human volume, Saudi Arabia is spending \$12 billion in five years, both for temporary expansion programs at airports in the major cities of Jeddah, Riyadh, and Dhahran, and on construction of vast new airports to serve the same cities. For instance, the old Jeddah airport, designed in the DC-3 era, is being revamped while construction proceeds simultaneously on the new \$3.5-billion airport, which will be as big as Manhattan Island.

Billed as the largest airport in

the world, and scheduled to receive its first passengers in 1980, it will cope with the horde of foreign businessmen who arrive daily in the kingdom's commercial capital, plus an anticipated one million Muslim pilgrims a year in the annual Hajj terminal. It will have its own desalination plant to supply fresh water and its own port to facilitate freight re-dispatching.

Similarly elaborate facilities are planned in the new airport under construction at Riyadh and at the giant new facility planned for the 1980s in the eastern province between Dhahran and Jubail. These three points will give the kingdom a modern transportation spine.

U.S. Engineers Handling a Long List of Jobs

By Tom Marinelli

RIYADH (IPT)—The U.S. Army Corps of Engineers supervises a range of projects in Saudi Arabia estimated to cost \$18 billion.

"The corps's involvement is a tangible sign of our concern toward this country," an American diplomat says. Although they are limited to management, the corps' performance has impressed Saudi clients, who cannot seem to get enough of their services.

The corps is handling a long list of jobs including a \$3-billion-plus new King Khalid military city at al-Batin near the Kuwait border, the \$400-million King Abdul Aziz Military Academy outside Riyadh, the \$200-million new National Guard headquarters in Riyadh, two new naval bases at Jubail and Jeddah, each cost-

ing over \$400 million, a new Royal Saudi Navy headquarters in Riyadh and the military bases in Tabuk and Khamsa Mubayt. Technically speaking, the construction is military-related, but since the corps faces the usual dearth of existing facilities in Saudi Arabia, the work covers hospitals, housing, swimming pools, data-processing centers and even mosques.

Expansion

The corps has a contingent of 800 in Saudi Arabia—75 officers and men (mostly pilots) and 750 civilians supervising \$8 billion worth of contracts already under way. Another 200 men work full-time in the United States on the same projects. Paid for by the Saudis, the corps provides engineering and construction management services.

The corps of engineers just

transferred its Middle East division, its only remaining overseas headquarters, from Italy to Riyadh in preparation for the big expansion in work foreseen under the new Engineer Assistance Agreement to be signed in mid-1978.

The corps' involvement here has its roots in the 1950s when it built an American-funded military airfield in Dhahran. In the late 1960s, it undertook its first Saudi-funded project—a \$43-million radio and television system in Riyadh. As a result, the corps gained the confidence of the royal family, it is said here.

The Saudis realize the corps knows how to get things done, particularly in an environment like Saudi Arabia, where everything has to be done from scratch. When a flash flood knocked out the water system of Jeddah two years ago, the corps answered the government's S.O.S. and got it working again in two weeks.

The corps' work encompasses three major areas: the Engineer Assistance Agreement, the Saudi Naval Expansion Program (SNEP) and the Saudi Arabian National Guard (SANG) program. Under these three programs the Saudis are buying everything from roads and housing to computers and a complete small navy of 25 vessels.

About 30 per cent of the contracts let and supervised by the corps go to American firms—a drop from 55 per cent two years ago. South Koreans are next, and British, Italian, West German and Saudi firms have also won contracts.

An explanation for the corps' popularity here is that the vast Saudi plans have soaked up all the available private industry project managers. So the corps—whose technical personnel is just as good—is a very welcome reinforcement.



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Management and participation in a loan for the extraction, gathering and liquefaction of natural gas (LNG).

Recently, participation in the equity and financing of the Bahrain natural gas liquids project and the Arab Petroleum Services Company's drilling and maintenance project in Libya has been approved, and the two projects are now in the implementation stage.

In hand are studies and discussions in Egypt, Syria and Tunisia for gas, refining and petrochemical projects. Furthermore, the Corporation is studying the feasibility of financing pan-Arab detergent, catalyst and carbon black/petroleum coke projects.

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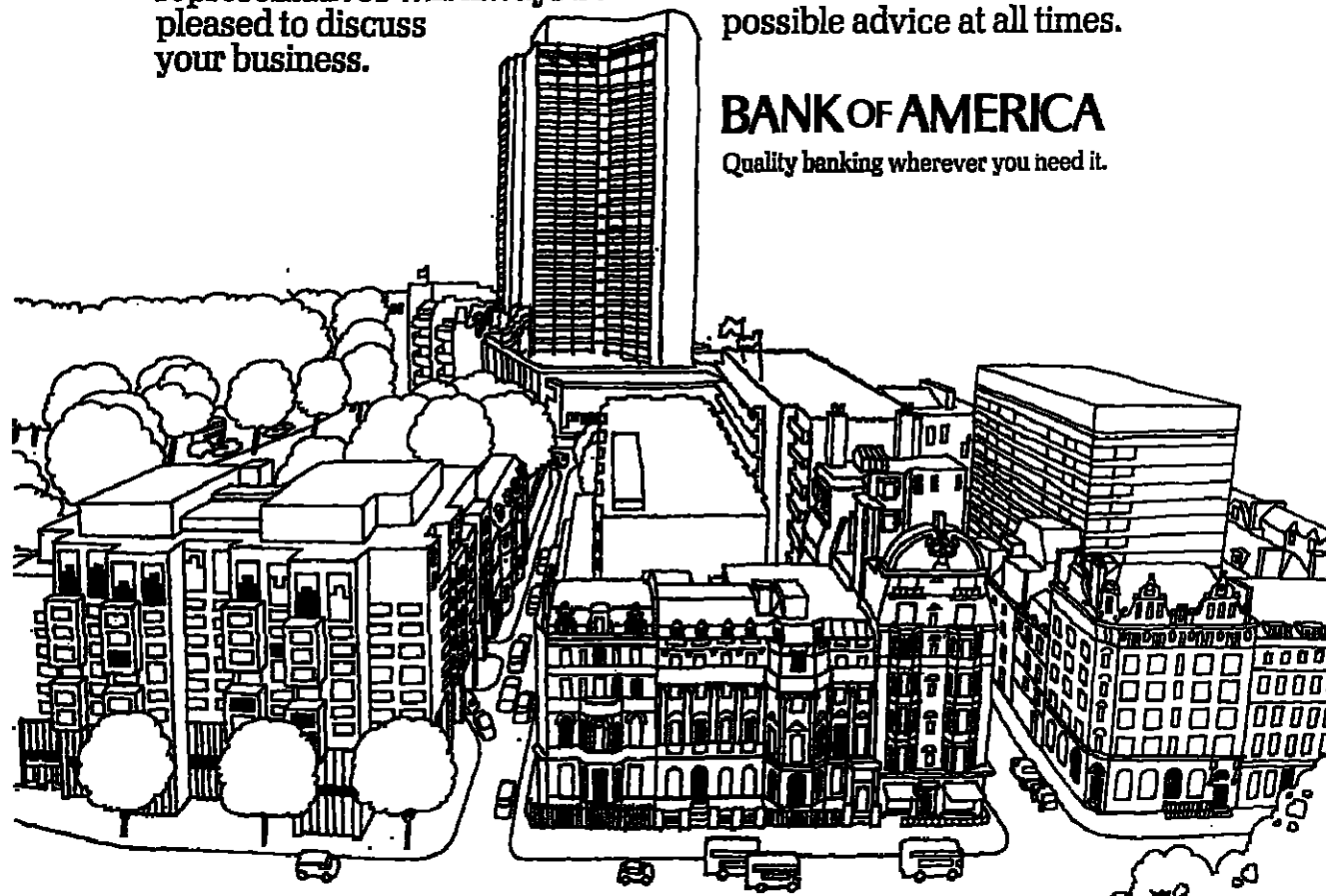
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Saudi Students Prepare For Technological Independence



A young Saudi from the General Directorate of Meteorology receives instruction in communications techniques. He is just one of many Saudi Arabian students already benefiting from his government's far-sighted policy of giving high priority to technical education.

One of the published well-known aims of the Saudi Arabian government's five year plan (1976-1980) is to double the number of schools and the number of students receiving free education. In addition facilities for college students, now numbering some 14,500, will be increased to cater for nearly 50,000 undertaking higher education. As has been the case for at least twenty years, any student winning a scholarship to an overseas university has all expenses paid.

The ultimate objective of the government's enlightened approach to education can be seen as a desire to provide, from within Saudi Arabia, adequate technical manpower resources for the country's continued development.

By its very nature, however, the education programme is recognised as a long term strategy. In the meantime to speed the technology transfer to Saudi nationals, a number of government administrations have already organised the provision of specially devised technical courses covering the range of subjects and specialised skills needed within particular departments. Very often these training programmes are managed in conjunction with those overseas companies already under contract to give the temporary assistance needed for the de-

velopment of essential technical services.

Typical of this sort of technical development programme is one being masterminded by the Saudi Arabian Directorate of Meteorology. In England 230 young Saudis have already completed a full year of intensive language training as a preliminary exercise prior to their starting technical training.

In October 1977, by contractual arrangement with International Aeradio Limited (IAL), the U.K. based aviation technical services and communications group, the students moved on to study Electronics, Radar and Communications Engineering at Ballbrook House, IAL's private training College in the West of England.

During the running period of IAL's present five year technical services contract with the Met. Directorate, the students about to commence training at Ballbrook House will qualify as engineers and technicians. The Directorate's long term technical systems development plans are therefore backed by a fully programmed training scheme. The scheme will ensure that in the not too distant future qualified Saudi nationals will be available to operate and maintain the advanced technical systems at present being implemented.

Young Bedouin Leave the Desert—With Few Regrets

By Mary Jo McConahay

RIYADH (UPI)—The life of the nomadic Bedouin tribes, unchanged for millennia until the discovery of oil about 40 years ago, will disappear in Saudi Arabia within the next generation.

This is the prediction made by government experts and by Bedouin themselves, many of whom have already moved to the towns.

The economic basis for Bedouin life disappeared a generation ago when motor vehicles began to cross the desert expanses, supplanting the camels reared by the Bedouin and ending the caravans which paid protection money to the tribes.

Where once they were the vast majority of the Arabian peninsula's population and undisputed lords of the desert territory, these sheep and cattle herders today account for only about one inhabitant in four. And this number is dwindling fast.

The spring census is taken as helicopters whirl over the camps of black tents. But even those whose heads are counted are probably not true year-round nomads: they may spend more months each year in towns and cities than in the desert.

Cosmopolitan Saudis like to talk about the stamp their desert ancestry has left on today's Saudi culture—traditions of elaborate hospitality, allegiance to tribe or extended family and a fierce fighting spirit.

But young nomads, whose education has put them in positions of sedentary comfort and power, are often critical of their former life-styles.

"I know the life of the Bedouin, and it's not romantic," says a high official in the Ministry of Planning who spent his first 19 years as a wandering Bedouin.

"I'm not sitting here behind a desk thinking how wonderful it is on the desert in the spring when the sheep jump around. Instead, I remember when we had to subsist on dates because the wood was wet and we couldn't build a fire, or I remember taking the tent down and traveling 30 miles on a camel in freezing temperatures. I'd rather be just where I am," he says.

Not Too Soon

The central government in Riyadh would like to see all its subjects settled down and considers if it were the next gen-

eration it would not be too soon. If hundreds of thousands of the nomads were trained and absorbed into the national work force, the country could slash its uncomfortably high rate of imported manpower.

Political control is more easily administered over a sedentary population than a wandering one. The problems of providing health and education facilities around the desert are enormous, both in terms of expenditure and the critical shortage of medical and teachers.

Various plans have been implemented in order to hurry the process of settlement—not always with expected results. The King Faisal Settlement Project, for instance, was set up in the 1960s to entice nomads to a life of agriculture at Harradh, an oasis at the edge of the Empty Quarter. The head of that ambitious experiment says it failed to create sedentary farmers, but hundreds of Bedouin were eventually trained in an occupation they preferred—as heavy equipment operators. Today Harradh has become a mechanized dairy farm which no longer tries to settle the desert people.

Many make the transition

eagerly. "They are coming in like someone who is really thirsty and has found the water," says a government training expert who has worked with Bedouin for the last decade.

Providing Labor

It would almost seem that the government need do nothing to enforce settlement: regular cash wages, the opportunity for education, and the techniques and knowledge of technology are luring the Bedouin from their traditional ways.

Boys and young men, whose fathers may have taken their first short-term jobs with oil explorers, now provide labor for the massive construction industry created by oil wealth.

Bedouin are also active in the transportation sector, where they man the fleets of service and special taxis and they drive the growing number of Mercedes trucks loaded with machinery and imported food.

A principal occupation is the military, especially the National Guard, whose active and reserve units are made up almost entirely of Bedouin from various tribes.

Jobs the Bedouin refuse include mental labor and factory work.

Another factor in the disappearance of nomad life is the desire to take advantage of the accelerated program for widespread education. In addition, the government pays the Bedouin for sending their children to school. The payment is both an inducement to settle and compensation for the loss of a "family worker."

Life on the Sand

Ironically, life on the sand has never been better. New gifts and technology are easing the fading days of the ancient ways. Water trucks, pick-ups for transporting people and animals, asphalt roads, canned foods, small gas stoves and sewing machines join the habitual attractions of fresh air and free movement to make many Bedouin reluctant to give up desert life entirely.

The old say they would rather spend their days in a tent on the open desert than sit inside a concrete-block house or even a tin-roofed shack, often the most likely housing when they first move "to town."

Bedouin wives with children find that their own work and status

remain the same with the move to the city, and worse: in town they are confined to a house with four walls, cut off from the society of female relatives. Many come to realize that their families occupy the bottom rung on a socioeconomic ladder they did not previously know existed.

Wives who cannot "adjust" are divorced or simply are returned to their families in the desert.

The Ministries of Health, Education, Agriculture and Social Affairs each have programs adapted to the special situation of the Bedouin, but a unit of the Ministry of Interior which had been planned to coordinate all aspects of a Bedouin development policy and programs has not yet been formed.

Homogenous Society

One official publication candidly admits that "the pace of change in the rest of the kingdom has recently been so fast that the economic and social gap between the Bedouin and the remainder of the population is widening." The same publication puts the net decrease in the nomadic population at 2 per cent.

The spread of a homogenous industrialized society in Saudi Arabia is smothering what left of the Bedouin life-style.

Even those who are not eager to join the modern world see that the process is irreversible. Bedouin who think of themselves as Saudis rather than as members of the Beni Hagir or Al-Kosaib or some other tribe are agitated to find that the restrictions national borders also apply to nomads and that they are no longer free to wander at will.

The time transition may be complicated by another phenomenon in the history of the Bedouin: the generation gap.

"I like to ride into the desert my Range Rover, but I was never so back to living in tents," says an ex-nomad who politically and financially successful. Seated beside his American wife in their home in the eastern province, he continues: "My father can afford an apartment on Park Avenue, but he out there now wandering around with his camels, somewhere in Iraq, I think. I have to admit he likes it there. No, I do know why."

Solving the Problems of a Huge Religious Gathering

By G. H. Jansen

JEDDAH (UPI)—The Hajj, or pilgrimage to Mecca, is one of the most remarkable religious gatherings in the world today, both in terms of the number of the pilgrims and in the diversity of their nationalities.

A larger number of Hindus, two million or more, may bathe in the waters of the Ganges, but they are all Indians. The million and a half Hajjis in an annual pilgrimage, however, are drawn from nearly 80 countries and speak at least twice that many tongues and dialects.

Islam is a comparatively young religion and it is still growing. Their number has increased sixfold in the past 30 years and has more than doubled in the last eight. With an annual world increment of over 12 million Muslims, the potential expansion in pilgrim traffic is enormous. In 1974, some of the Hajj was televised in Muslim countries for

the first time, and the emotional impact was considerable.

The logistical problems of the Hajj are enormous. In six days, this mass of humanity has to be moved 26 miles, from Mecca to Mina and Arafat and back.

In addition, 360 days of the year Mina and Arafat are deserted—there are 30-odd houses at Mina; a sandy plain and rocky outcrops and nothing more at Arafat. So two vast tent cities have to be established and provided with all the necessary services and amenities of a city for just that limited period.

All Year Round

Only the efficient organization set up by the Saudi government ensures that this concentrated mass movement goes smoothly. The Ministry of Pilgrimage Affairs and Religious Endowments, which works all year round to prepare for a month of intense activity, has a budget of \$200 million. Besides preparing roads

and traffic control, transit centers and "Pilgrim Cities" it also prepares guides of different nationalities who use such modern devices as closed-circuit TV, walkie-talkies and helicopters to facilitate the flow of the pilgrims.

In the three weeks prior to the actual pilgrimage, 130 flights a day, mostly charters, land at Jeddah airport, the "Islamic Port." A special Hajj terminal at the giant new Jeddah airport—more like a village than a transit lounge—is projected to handle one million Hajjis by 1985. Two aprons will be able to hold up to 10 jumbo jets at one time, and 50,000 pilgrims a day will pass through the fully-automated facility to waiting buses. A special company with a fleet of 2,000 buses is being set up to handle pilgrim transport.

Hajjis are then driven on one of two new highways to Mecca, to begin the actual pilgrimage.

Something like 70,000 vehicles set out from Mecca for Mina at

the same hour on the first day of the Hajj, but there are no traffic jams because a new complex of eight roads, plus a pedestrian road, have been constructed.

The nature of the Hajjis themselves enormously complicates an already vast logistic problem. Almost all of them are simple folk—farmers and small artisans, almost all of whom are illiterate and may speak only obscure dialects. Most of them have never before left their natal villages or districts.

Each pilgrim must be in the charge of a *mutawif*, or Hajj guide, who assumes responsibility for the transport and welfare, material and spiritual, of the Hajjis from doorstep-to-doorstep, a "packet" pilgrimage. It is the *mutawif* who shepherds groups of pilgrims, sometimes roped together, through the terrifying, surging masses.

There are 80 firms of *mutawifs*, and in some countries their fees are paid on the install-

ment plan, over an entire lifetime. But even the most efficient *mutawif* system would not work as smoothly as it does were not for the infrastructure provided by the Saudis.

The Saudis are particularly proud that the Hajj is no longer the worldwide health hazard it was even a generation ago, that to the provision of a good water supply, garbage disposal, sanitary facilities, hospitals, quarantine camps and mass disinfection. This health service for a particularly grave challenge this last Hajj when cholera near-epidemic form appeared in Syria, Jordan and Turkey before the pilgrims left or were through these countries. A generation ago the disease we have ravaged the Hajjis. 7 years, thanks to stringent controls it had no effect. Since to while on the pilgrimage is a posed to be meritorious it with some regret that one pilgrim said, "They have now made difficult to die on the Hajj."



Between the Red Sea and the Arabian Gulf an ancient race of people are changing the face of their nation, virtually overnight.

Today, the Kingdom of Saudi Arabia is the site of one fourth of the free world's construction activity.

An essential element in the Saudi Arabian development plan is the construction of commercial ports. These ports are being designed, constructed and operated under the supervision of the Saudi Ports Authority. Making a significant contribution in this regard is Archirodon Construction (Overseas) Co. S.A., the major contractor in the construction of the Jeddah, Damman and Jubail Ports.

JEDDAH

Jeddah Port is one of the major projects of the Kingdom's long term economic program. It has traditionally been the primary commercial port of the Kingdom and the closest to the Holy Pilgrimage center of Mecca. The Port has had to meet the phenomenally growing import needs for the development of the Kingdom and millions of pilgrims each year.

Since 1975, work valued at one billion Saudi Riyals has been completed on the port. Today, Jeddah Port is satisfactorily meeting the Saudi Port Authority's requirements with minimum waiting time for the unloading vessels.

Presently, the Saudi Port Authority has initiated plans for an extension works valued at 3.7 billion Saudi Riyals. This will involve the construction of twenty new deep-water berths, administrative buildings, warehouses etc., it is scheduled for completion in 1981, and will practically double the port's capacity.

DAMMAM

The Port of Damman is another key component in the Saudi Arabian economic program due to its strategic location on the Arabian Gulf coast, which serves the oil rich and rapidly developing Eastern Province.

From 1969 until the present day, deep and shallow-water berthing facilities, warehouses, administrative buildings, small oil harbours, and other port facilities have been constructed with value in excess of one billion Saudi Riyals. Today Damman is fully equipped modern port where waiting time for unloading vessels has been reduced from three months to two days.

The expansion of Damman Port continues today with the construction of the West Port which is valued at 3.4 billion Saudi Riyals.

JUBAIL

An excellent illustration of the dynamic growth experienced by Saudi Arabia is the Port of Jubail. The once small fishing harbour has been transformed in two years into a large commercial port serving the needs of the massive industrial and petrochemical development program underway there.

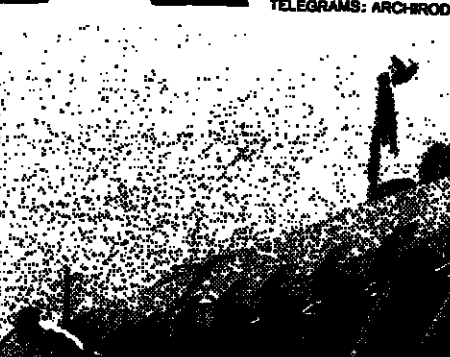
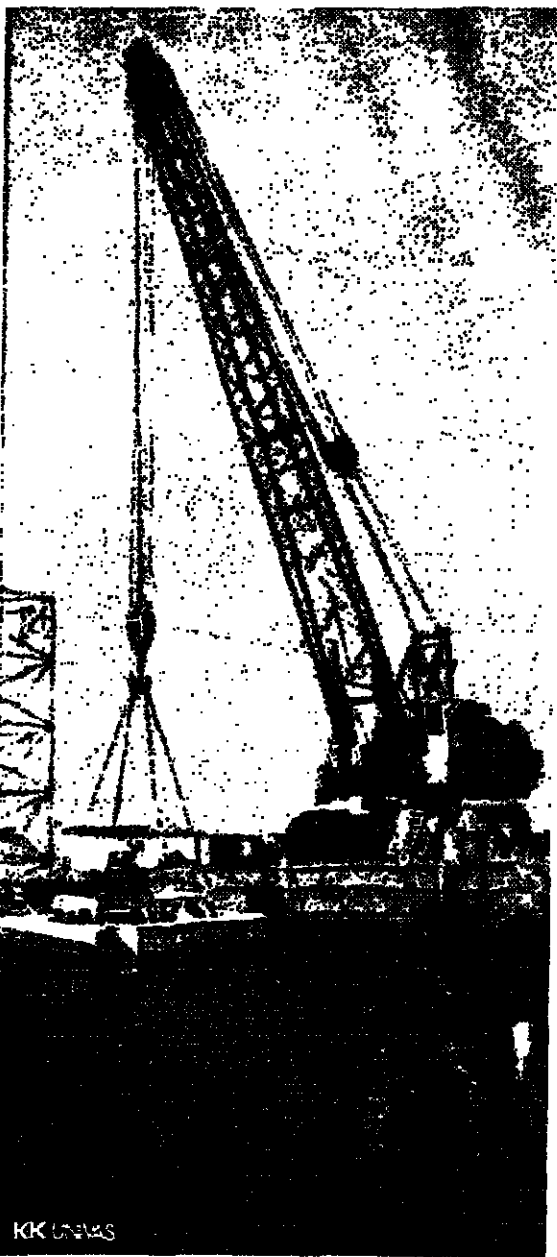
The transformation began in 1975, with the construction of a break-water, four berths, a building complex, roads and other port facilities. This project valued at 550 million Saudi Riyals was completed in December 1977. Today the second phase of the project is being implemented with its final goal, an ultra-modern port.

Today, throughout the Middle East the name Archirodon Construction (Overseas) Co. S.A., is synonymous with consistent quality, reliability and superior standards of performance. At the ports of Jeddah, Damman and Jubail Archirodon has combined its resources of highly specialised technical equipment and a wealth of expertly trained professional personnel to make the dreams and ideas of men a reality—the miracle of Saudi Arabia.

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SAUDI ARABIA



مركز الإعلام



The Muslim Religion Is Not Just Faith, But a Way of Life

Islam will shape the future of the kingdom because it is perceived by the leadership as an ideology that can preserve this country socially in an era of acute stress and secure the region from disruptive foreign influences.

MECCA (UPI)—Islam's importance in Saudi Arabia is far more than that of any religion in any other state in modern times. The religious tenets of Islam are the letter of the law. The Quran is the nation's constitution, and the Saudi legal system is primarily on sharia, traditional Muslim law. Islam is bound up with the past Saudi Arabia. The modern nation-state arose from a religious movement, Wahhabism, which is a monotheistic Muslim faith that has a millennium earlier. At present, Islam conditions life here because the Muslim religion, especially Wahhabism, is not just a spiritual faith but also a way of life. Islam will shape the future of the kingdom because it is perceived by the leadership as an ideology that can preserve this country socially in an era of acute stress and secure the region from disruptive foreign influences.

Classic Pattern

The Saudi saga began in a classic pattern for Middle Eastern societies—an association between a desert tribal chieftain and the 18th-century alliance between the Saud dynasty and a Islamic reformer, Muhammad Ibn Abdul-Wahhab. Repelled by the laxity and decadence in Islam of the era, the Wahhabi approach, as it is called today in Saudi publications, stressed a return to the rigidity of the Prophet's way and usage: literal obedience to Muslim law, a war against innovation, avoidance of superstitions, slavery of saints, acceptance of strict predestination. It enshrined the prohibition of wine, smoking and the placing of monuments over the dead. The movement at that time succeeded in uniting the peninsula. Then, early in this century, Abdul Aziz Al-Saud and his Muslim brethren reunited the tribes in a new holy war, which established the present boundaries of the kingdom. Wahhabism continued to hold sway in this country, which almost alone of Arab lands was never colonized. After oil was discovered in the 1930s, many modern (religious) teachers) opposed modern technology as a violation of Wahhab's injunction

against innovation. Saudi rulers, however, argued that "worldly" inventions—telephone, office, automobiles, television, girls' education—had no bearing on religion and thus were permissible.

Friday Sermons

Nonetheless, religious practice and opinion has remained strong, especially in Riyadh. In smaller,

localities and, of course, here among the holy sites—an area accessible only to Muslims, public frivolity is frowned on throughout the kingdom; Friday sermons propagate conservative views; and Koranic punishments, including amputation and beheading, are carried out amid the same publicity accorded criminal sanctions in the West. Piety dominates all the mass communica-

tion media: Koranic readings occupy much TV broadcast time, and the kingdom operates a gospel-type radio station. An active reminder of the puritanical Saudi ways is the Committee for Public Morality, known in Arabic literally as the Committee for Encouragement of Virtue and Discouragement of Vice. Its members are older men recognizable by their loosely-

worn headcloths, which they don without the usual coiled cords, wielding cane-like sticks to enforce Muslim practices in public places: they pound noisily on shop shutters to ensure closure during the five daily prayers, or prevent smoking during Ramadan (the month of fasting) or shame women immodestly dressed. A feature of urban life here since the 18th century these mut-

ways appear gradually to be losing importance and dying out as an institution.

While some Saudis are pious only in public, many others are genuinely fervent. "We Saudis, by sticking to the right path, have had the bounty of oil," says a 28-year-old oil company employee. "When Egypt's Muslims allied themselves with Soviet non-believers, they were humiliated; then, when they returned to Islam, they won an astounding victory in 1973."

Emphasizing similar themes, King Khalid recently urged his subjects to show "gratitude for the vast favors bestowed on us by Allah for observing the Holy Koran's teachings."

Pillar

Islam is also a pillar of Saudi policy towards the whole world. The Saudis, as keepers of the holy places, pursue a role as the leaders of a 20th-century Muslim resurgence. As the Saudis see it, an Islamic revival must be based on religion and a shared wealth, not on conquest.

The World Islamic League, which has its office here, gets Saudi support for its "people-to-people" operations promoting Muslim teachings in 126 countries. The Islamic Conference, founded by the late King Faisal, moved its headquarters here from Cairo (where the famed Al-Azhar mosque used to be the intellectual center of Islam). It commands a sizeable budget, deals with 38 governments, and oversees the work of the Islamic Development Bank, the Islamic Solidarity Fund, the new Islamic News Agency and a program to build Islamic-minded universities. The bank, with a \$1-billion capital, makes interest-free loans and shares the profit instead of charging interest, which is forbidden in Islam.

The Islamic Conference continues to gain prominence. Originally set up in Egypt, where its first secretary-general was then-Col. Anwar Sadat, the conference was broadened with Saudi support in 1972 when the first Islamic summit was held in Morocco. There the Saudis emerged as the leading power and financial backers in Islam's resurgence—a role entrusted even in the second Five-Year Development Plan, which provides for an "advance toward social and economic goals while maintaining the religious and moral values of Islam."

—J.F.

The Hajj, a Personal Pilgrimage for Millions

(Continued from Page 11.)

to perform the Hajj. They were illiterate peasants and atomic scientists, journeying from poverty and prosperity, from villages deep in jungles and at the edge of deserts and from high-rise office blocks in bustling cities, everyone donning their habitual baggy trousers or Cardin suits to don the simplest attire man has devised.

We hurried along the narrow dulle through brown and barren hills to Mina chanting the pilgrimage refrain, "Here I am, O God, at Thy command. Here I am!"

Six miles east of Mecca is the village of Mina in a valley shaped like the base of a fan which opens into the Plain of Arafat. It is a village inhabited for only five days a year, when it is submerged in the flood of pilgrims. The Prophet Muhammad resided at Mina during his farewell pilgrimage. According to tradition, Mina is the place where Abraham was tempted to defy God's command to sacrifice his son.

Today Mina has a few dozen permanent buildings—a mosque, administrative blocks, a modern

bakery, water towers and several streets of three or four-story pastel-painted khans where pilgrims stay.

Throughout the day pilgrims arrived on foot, by bus and car and pick-up truck, to settle in and prepare themselves spiritually in their individual ways for the following day of meditation and prayer on the Plain of Arafat.

Plain of Arafat

Early the next morning we flowed en masse to Arafat, a journey of seven miles along several broad highways. Selling along on the roof of our little bus I saw the Plain from afar. Like a great open hand ready to receive us. Cupped in the palm of that hand was the last white-tented city into which we were to settle for the day. There, on one side was the Mount of Mercy, the rocky outcrop from which the Prophet preached his last sermon.

As I began my ascent of the Mount, already closely covered with pilgrims, a tall African generously tipped the shade of his green silk umbrella over me, recalling to mind the Prophet's

words: "All Muslims in this world form one race of brothers." This, I realized then, is the secular message of the pilgrimage.

The spiritual journey traveled by each pilgrim is into himself. It is similar to a Christian retreat, involving stock-taking and renunciation of wrongdoing. Each pilgrim presents himself to God for assessment and pardon. It is a lonely journey in the midst of a multitude.

The spiritual culmination, but not the close, of the Hajj comes as the pilgrims feel the burden of their transgressions lifted from their shoulders. This occurs at the time of the noon prayer at Arafat. This spiritual liberation visibly transforms the congregation and the atmosphere changes from grave devotion to light-hearted serenity.

Feast of Sacrifice

Just after sunset the multitude goes back halfway to Mina to the desolate fairy wilderness of Muzdhalifa, where the pilgrims worship in small groups and sleep beneath the stars. In the morning, the third day, they return to Mina to celebrate the Feast of Sacrifice, the most

sacred festival of the Muslim year.

These ceremonies commemorate man's search for a faith. They go back to the time of the desert patriarchy and the first stirrings of monotheism, when Abraham was commanded to sacrifice his son, as a proof of obedience to God. The anthem of the pilgrimage, "Labbayk, Allahumma, Labbayk!"—"Here I am, O God, at Thy command. Here I am!" is drawn from the very words of Abraham, the father of the belief in One God, which is the basis of Islam.

In commemoration of Abraham's willingness to obey God's command, and of God's gift to Abraham of a ram to sacrifice in his son's place, the pilgrims on the Feast of Sacrifice buy a sheep or goat or even a share in an animal, for sacrifice, consuming a part and giving the rest to the poor.

Viciously sharing in the events at Mina, Muslims throughout the world also celebrate with fasting, alms-giving and gifts. For the pilgrimage is the well-spring of Islam, affirming the unity of God, the submission of the individual to God and the brotherhood of all Muslims.

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Rule by Consensus Is the Key To Lead Country Into the 1980s

(Continued from Page 11.)
seriously by OPEC members. Increasing the income for developmental purposes seemed a matter of urgency. Now that the United States, the world's largest consumer of crude oil and its products, has been recognized as an "energy junkie," a more sophisticated orchestration of production and price seems possible for Saudi Arabia.

The U.S. planners who produced the second Five Year Plan, the "Petrodollar Plan," have been accused of architects who have produced a design for Versailles while all the client wanted was a ranch-style home with a swimming pool.

Since its inception, the Saudis have been engaged in cutting back and reordering priorities. As recently as 1976, Pittsburgh on the Gulf and the Red Sea were a part of the Saudi future—with no particular concern for world-scale supply and demand estimates for steel, aluminum and petrochemical products in the 1980s. But a quiet scaling-down has taken place. A steel mill at Jubail with a forecasted annual production capacity of 5 million tons has been cut back to a target of 300,000 tons.

Dr. Ghazi Abdel-Rahman Al-Gosaibi, the gifted and energetic minister of industry and power, does not want to be described by historians of modern Arabia as the founder of a number of industrial ghost towns. The "Safco fiasco" in the eastern province has been a salutary lesson.

Safco's problems produced more than a lively concern for demand projections in all areas of production. The cost of feedstocks, assumed to be so inconceivable as not to warrant consideration, was reassessed.

Not so long ago the feedstock of Saudi industrial expansion was little more than a visual experience. When airlines reduced the discomfort and hazards of heat-generated air turbulence by scheduling most Dhahran arrivals at night, newcomers were awed by a vista which Dante could

have used to illustrate his "Inferno." On all sides were flames "associated" gas which surfaced during crude oil production—sending billions of energy units into the atmosphere.

A Reminder

Safco's problems served as a reminder that Kuwait was the textbook case on unregulated industrial expansion and expenditure. The Kuwait experience is more of a cautionary tale in Riyadh today than it was when the Kuwaiti bubble burst, long before "petrodollar" was added to business vocabulary. The development program was also based upon heavy infusions of expatriate—largely Palestinian—talent, whose politicization of young Kuwaitis and other forms of activism have added an unwanted political expression at the university, in the media and elsewhere.

Similar problems have been brewing closer to the major oil installations of Dhahran, Yanbu and Abqaiq. Expatriate influences in Bahrain have added to indigenous elements of destabilization, some of them rooted in age-old Sunni-Shi'a Muslim differences, others resulting, in the Saudi view, from the relatively liberal, free and easy atmosphere which has made Bahrain an island oasis for Westerners.

Of most concern is a trade union movement, the influence of which has led, again in the Saudi view, to a certain amount of unrest in Aramco installations and elsewhere.

For such reasons, many fear that the growth of Saudi economic power will move hand-in-hand with rigorous enforcement of an austere religious and moral code.

Economic Strategy

In deciding upon the level of oil production, in recommending the degree and the emphasis of industrial development and thus determining the extent to which Saudi Arabia will go into international investment and portfolio management, Saudi planners are

aware that such erratic factors as protracted Middle Eastern conflict cannot be quantified. Defense systems cannot be purchased, contingency funds set aside, but the potential for massive economic and political dislocation must not be ignored.

Therefore, some Saudi economic strategists are counting on future oil and gas development in Mexico, the North Sea—anywhere—to lengthen the period of reduced production and higher energy prices for Saudi Arabia. They also count on OPEC cooperation (and that of such potential non-OPEC "majors" as Mexico and Canada) to avoid extensive periods of oil glut.

These factors will facilitate more measured investment and measured development—the building of a complete, modern network of ports, highways, railroads and electronic communication on which capital works projects can depend.

Measured investment is as much a key to the Saudi future as measured development. Both are predicated on the assumption that even at \$35 per barrel Saudi Arabian light crude oil would be far cheaper than "downstream" products manufactured from it. It is less economically vulnerable "downstream" activity is concentrated within Saudi Arabia—which would also reduce domestic inflation—more billions of Saudi Arabian riyals could be invested in the West. Then, as oil reserves decline in, say, 30 to 50 years (depending upon developments in secondary recovery and new discoveries), offshore investment funds would be available for repatriation for a further period of non-oil development.

This view of the future has much more appeal in Riyadh than the one which envisions Saudi Arabia as the banker for regional economic development.

'Run the Console'

Nonetheless, if the Saudis are to insure their own destiny they must, in the words of a member of the Saudi-U.S. Joint Commission on Economic Cooperation, learn to "run the console." A cap-

ital-intensive economy is not a threat to the stability of a sparsely populated country. It is preferable to labor-intensive enterprises, if the labor is expatriate. But a capital-intensive economy is equally vulnerable so long as foreigners sit at the console.

The cadres of Saudi economists, public administrators and petroleum engineers increase with each graduating class. Even so, the capacity for long-range planning for looking across the whole spectrum of government and private-sector activities before reaching policy decisions, is in short supply. In some ways, the second Five-Year Plan has become a forum in which ministries compete for position and for larger percentages of the plan's funds as priorities shift.

At one level of dispute are the priorities and goals of the second Five-Year Plan. While this obviously involves the royal princes in the ministries, it is more directly a concern of the technocrats. The higher level of dispute is over crude oil price and production strategies.

Consequently there is widespread opposition to Crown Prince Fahd's policy (implemented after the OPEC meeting at Doha in December, 1976) of maintaining a high oil-production level while calling for restraint on price increases. This is assailed in some quarters as Crown Prince Fahd's "800-million gift to oil companies and consumers."

The more simplistic opposition, which has supporters within the powerful Sudriyya inner circle, regards Fahd's policy as purely political—to purchase U.S. support in the Arab-Israeli dispute. On this basis they dismiss the policy as a failure and call for drastic production cuts, to as low as 5 million barrels per day (bpd) and a much higher price.

Vulnerable Europe

Other factions see Crown Prince Fahd's policy as more than a costly pro-American gesture. While opposing a very high level of production, they share his concern that Saudi oil policy (and through Saudi in-

fluence, OPEC) should not be responsible for economic dislocation in the West—especially in Europe, which is considered vulnerable to the advance of Communism. Indeed, it is because of what they regard as a growing Communist threat to some EEC countries and the existence of radical activities closer at hand—in Iran and Pakistan, Bahrain, in South Yemen and in the southern Red Sea area generally—that this group favors obtaining more money for less oil.

The current Saudi reexamination of development goals arises from more than a fear of potential damage to the fabric of its society through pressure-cooker industrialization. But is there a "Saudi society"? Just as Bismarck complained that he could find Hanoverians, Swabians or Bavarians but not Germans, the late King Faisal worried about the society of convinced Saudis in a community of Hejazi, Asiri and Hawasiri.

Nejd, the heartland of Arabia, was and remains a different proposition. It is the site of the founding of Saudi Arabia and the capital of the modern kingdom where Abdul Aziz Ibn Saud dramatically retrieved and reasserted power with his defeat of the Hashidids in 1903. Hence the Nejdites have something akin to a proprietary attitude toward the kingdom, and it is ironic that on occasion King Faisal was criticized by his brothers for his "Hejazi" attitudes.

Heterogeneity

Hejazi, the province which contains two of Islam's most important shrine cities, Mecca and Medina (the third being Jerusalem) has through 13 centuries of pilgrimage become one of the most racially heterogeneous regions on earth.

As present, the emphasis is on security. Restriction is aimed at groups who will not include ideology or political activism in their baggage. Yet this is not enough. In the 1980s the regime will transform Hejazi and Asiri into Saudi Arabians by more effectively distributing the benefits of petrodollar wealth throughout the kingdom.

There will be the reluctant but inevitable expansion of the Saudi work force through creating professional and skilled employment opportunities for women. Moreover, the law which limits vocational and technical education to Saudi citizens will be changed, as well as requirements for citizenship. It is not unreasonable that the older generation of Saudi leaders, aware that their population barely exceeds five million, should resist giving too many opportunities to Yemeni and Hadrami laborers (the combined population of the two Yemenis far exceeds that of Saudi Arabia).

Vocational education for Yemenis? As one Saudi official sees it, "Then they will send for their families and we will be swamped." The time will come, however, when it will be possible, and useful, to make Saudi Arabians of them. And the history of migration in the Arab

World suggests that they will be no less loyal and devoted than, say, those distinguished servants of the Saudi ruling house, the Alirezas—one of whom is King Khalid's ambassador to the United States and whose roots are unquestionably Persian. At some point in the late 1980s, a prominent Saudi Arabian official maintains: "Mine will cease to be a subcontinent country."

Expertise

The need for Western expertise will continue well into the 1980s, even if the second Five Year Plan is drastically modified, and the third plan further alters priorities. Predictions that there will be 125,000 American heads of families resident in the kingdom in 1985 will depend as much on the U.S. Internal Revenue Service and the resolution of the Arab-Israeli conflict as it does on the Saudi minister of planning.

But the Koreans will remain in force in the 1980s with their package deal approach to projects, from the manager to the camp cook.

The Pakistani work camps will proliferate because Pakistanis will continue to be willing to live in austerity and deprivation in order to return home to buy a plot of land, agricultural implements or education for their children.

When the Yemenis and Sudanese return home and are replaced with electric dishwashers, diesel-powered street sweepers and microwave ovens, what will be the values and aspirations of the average Saudi Arab? Will the House of Saud reign over the first fully automated welfare state?

The future is unknowable, and perhaps the most that Saudi Arabia can ask for is an era of peace and security in which to work out its role in the world.

'New Men'

Among the educated princes of the House of Saud—perhaps 300 out of some 2,000—there are futurists who, like many of the "new men" returning with advanced degrees from Western universities, look beyond an Arab-Israeli settlement to an era of comprehensive regional development along lines which would encourage political moderation and "stake-in-society" attitudes. Such planning would include an all-out war on desertification. It would involve Israelis with Arabs, Iranians and perhaps Pakistanis and Turks. For such long-range planners, Iran is more of a special and complicated case than Israel.

Egypt is, in this context, not a complication but an exception. Most Saudi "new men" consider Egypt as not having a place in regional development because of the ramshackle and seemingly hopeless condition of its economy. The new generation of systems analysts and administrators has little appreciation for Egyptian culture and history. To them, it is Bangladesh on the Nile, and they support nothing more than the subservient sanitarium policy of keeping the patient warm while hoping that the family makes the proper arrangements.

It is a policy fraught with danger for the region. But it would be even more dangerous if policies of measured development and investment are to be carried out with little more than lip-service to the concept of regional development. The "special and complicated case" of Iran is a case in point.

Despite emphasis on Islamic solidarity and diplomatic politeness, the Saudi Arabian regime fears

Iran—its military power, the Shah's imperial hubris, but most of all, the implications of Iran as a one-bullet regime.

In the 1980s, Saudi attention will be riveted upon the race between economic development and oil depletion in Iran. If the second outdistances the first, Saudi Arabia will be forced to invert petroleum resources in the realization of Iranian goals. This version of Saudi oil eastward across the Gulf would be preferable to a flow of Iranian troops westward. However, if the Pahlavi dynasty is overturned, a radical successor regime (or regimes, for the Iranian empire has been divided before) would be another matter. The "special relationship" of the United States with both Tehran and Riyadh, a strategic non-start which would the U.S. hands if the Shah took the offensive, would operate in Saudi Arabia's favor were he overthrown.

But access to the Indian Ocean and to the West could remain a problem for Saudi Arabia. The pipelines which will cross the peninsula from the Gulf to the Red Sea represent more than an interest in decentralization and diversification of economic activity; hence export refineries, the Red Sea, speculation on the feasibility of an oil pipeline through the Sheikdom of Qatari with its deepwater ports on the Gulf (Port Khalid) and to Arabian Sea (Khor Fakkan), a concern which is founded more than hostility to Marxism for purchasing improved relations with the Aden regime. So it is that despite the litany of terms so dear to analysts the Saudi economy—"oil shock" excess capacity," "boom at bust" and all the rest—foreign policy contains more pitfalls a threats for the Saudi Arabia the 1980s.

Merchant Family Names Are Household Words

(Continued from Page 11.)

came a car importer here on the strength of his intimacy with King Abdul Aziz.

The initial investment for a good service network is high, and many agents have tried expanding their service operations only as they expand their sales. This strategy has often meant that early customers got second-rate service, giving the product a bad reputation, leading to poor sales. In contrast, Komatsu, a relatively small Japanese manufacturer of earth-moving equipment which was virtually unknown in Saudi Arabia a few years ago, is now No. 2 in earth-moving equipment in the kingdom after Caterpillar. The key to Komatsu's amazing performance was that when its agent was unenthusiastic about setting up a big service network at an early stage, the company established its own Saudi service operation.

Now the pattern of merchant success seems ready to alter through diversification into industry. Much industrial investment in Saudi Arabia involves the manufacture of building materials and other relatively simple products by entrepreneurs with backgrounds in the import business.

The merchants, who are horrified by the low margins available in industry compared with the vast profits they make in trade, will contemplate manufacturing only when they come up against competition from other new importers of their products. The change in policy sometimes stems from the realization that local manufacturing plant will be sufficiently competitive with the imported product for the manufacturer to capture virtually all of the market.

On other occasions, the switch to manufacturing under pressure from new competition will be made not so much because the investor feels that the local product will be able to undercut the rival imports, as that he believes he has a good chance of obtaining tariff protection (usually 20 per cent) or preference for his product in government purchasing.

While government incentives are readily accepted, experienced merchant families also make their own realistic calculations. The Saudi new assembly line of government refusal to support it. (However, once the plant was built, the government decided to give support). The Saudi Cable Co., a new venture led by the young Alireza team of brothers, will benefit from a 10-per-cent price edge that really will come into its own only when Saudi Arabia mines its own copper and makes its own polyvinyl chloride (PVC).

However, industry in Saudi Arabia is still a fairly speculative business, while importing is safe and enormously profitable. Although it is tempting to assume that industry is going to be the

next step in the merchants' evolution (mainly because the government is making great efforts to encourage industrial investment), for a long time to come it will be only a marginal effect on the shape of the merchant houses.

A Far Cry

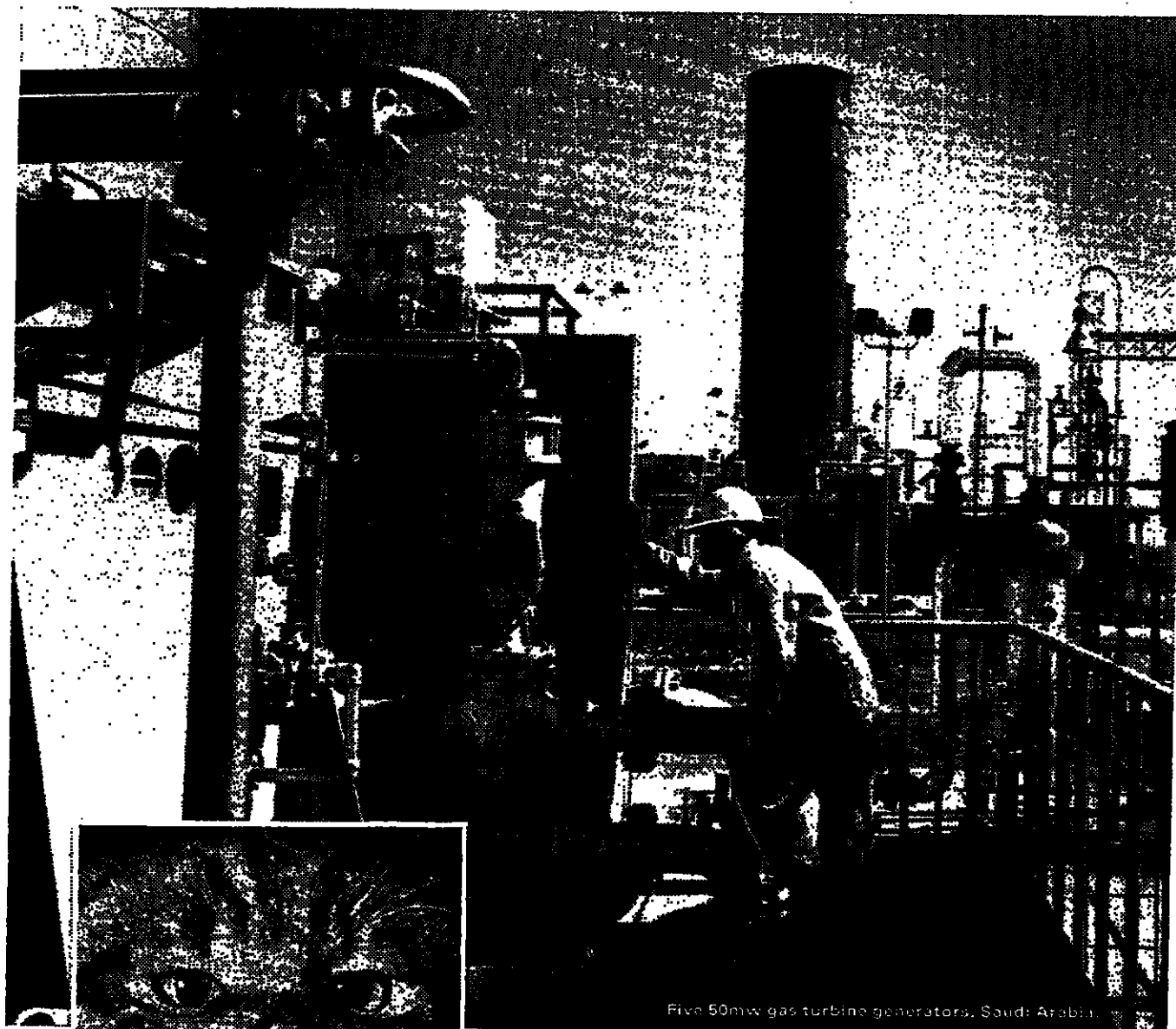
Still, this is a far cry from two generations ago when he was a merchant in Saudi Arabia. He meant being a foodstuffs importer (trading almost entirely in India, mainly with Bombay), importing cloth (also from Bombay) and timber (from Malaya in southern India).

The patterns of merchant activity began to change the latter 1930s and the 1940s as oil was brought on shore. The cause was the huge influx in government spending benefited the merchants directly, in that they could equipment for government development projects and enter contracting business, and indirectly, in that government spending pumped money into the economy and so expanded the market for consumer goods. One of merchant houses that began business at this time was E.A. Juand Bros., which has grown of Ahmed Juif's winning Talf electricity contract and is the agency for the Bric-GEC.

Apart from government spending, a major stimulus to the merchant community in the eastern province was provided by Arco's policy of diversification. Helped local entrepreneurs set anything from contracting of pipelines to cold stores which oil company otherwise would have had to operate, already operating, Arco occasionally lent money to it was helping set up in business, but in the main its assistance took the form of carrying out feasibility studies, providing a certain amount of technical back-up, and, above all, agreeing to channel as much of its business as possible to the new private service company.

Almost without exception, present big merchants of the eastern province began their business in this way. Many of them are former Aramco employees: Sulaiman Olayan, who was once a truck driver for a company, was helped by Aramco to establish a transport firm. Similarly, Ahmed Hamed Al-Gosaibi (a distant cousin of the oil merchant), who once worked as an Aramco warehouse clerk for a few rupees a day, set himself up in the gasoline station business with Aramco cooperation. He later won agreement from the company that he built his own Pepsi-Cola plant. Aramco would close its own facilities.

Now the wealth of these merchants is accumulating on a scale to make them potential entrepreneurs.



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Manpower: Lack of Human Resources to Absorb the Oil Wealth

JEDDAH (H.T.)—The scarcity of manpower is the bottleneck in Saudi Arabia's \$142-billion modernization plan. "It's a great irony in the Middle East today," a diplomat here says: "Countries that have the oil lack the human resources to exploit it and vice versa."

The manpower shortage, the main obstacle to economic development, will take a long time to overcome. It is felt at every level of administration and business.

A few able and experienced officials are hampered by the lack of effective talent at the middle levels of the hierarchy. In business of all kinds—from hotels and factories to the oil fields—Saudi manpower is fought over and supplemented with expatriates. There has never been a proper head-count, but population estimates range from four to seven million inhabitants. Saudi Arabia can count on a work force of about one to two million not

considering women, children and the elderly. This figure includes bedu and peasants who remain largely outside the country's modern economy.

Roughnecks

Saudis can be found in all kinds of jobs: Some roughnecks on the remotest, toughest rigs are Saudis. Even bedu are employed—usually driving trucks or taxis, an acceptable occupation. But, in general, "the Saudis want to be managers," an experienced Westerner says. "It's often a question of too many chiefs and not enough Indians."

The government-sponsored Industrial Studies and Development Center reported last fall that "shortage of manpower is considered to be the main problem of industrial development in the kingdom." Saudi Arabia has a pool of unskilled workers, the center says, yet "the manufacturing sector has been heavily dependent on foreigners even for this category of worker."

"It appears that Saudi unskilled workers do not consider working in factories sufficiently attractive in comparison with other occupations."

Educating Saudi workers is a priority item in the current Five Year Plan. The budget earmarks nearly \$5 billion for manpower development in the form of schooling, vocational programs, specialized technical training, university expansion and scholarships overseas. This figure represents nearly 15 per cent of the total budget—an increase of one-third over last year's allocation.

Reservoir of Unskilled

Saudi planners hope to tap the potential manpower reservoir of unskilled citizens, who the government believes could, with proper training, fill many available slots.

The possibility of starting to use women in carefully controlled situations is the unknown factor in their calculations. Traditionally, women did much of the labor in Arab society but the country's conservative religious tradition prohibits women from working in proximity to men—for example, as a clerk in a shop or a secretary in an office. This convention has been quietly ignored by many companies and the government has now begun making spot

checks of offices, banks and shops in search of violations.

Earlier this year Prince Fawaz, governor of the Mecca district, clarified the government's position in a local newspaper: "The employment of women (in offices) is against our religion and traditions," he said. "There are many other fields of employment, such as teaching, which suit the nature of women and where they can work in isolation from men." Yet some planners say women must play an even larger role if the Saudis are to run their own country.

Help Available

Recruiting help to overcome the labor shortage is no problem. Saudi Arabia offers salaries and wages well beyond what foreign laborers can expect to earn at home. Even unskilled workers make an average of \$5,000 a year—a high wage by regional standards. As many as a million Yemenis are estimated to have entered Saudi Arabia without passports and have been effectively absorbed. Official estimates number 180,000 Egyptians and perhaps 100,000 Pakistanis now working in the kingdom.

Foreign laborers, particularly Yemenis and Pakistanis, handle many of the physical jobs which Saudis seem unwilling to accept. These jobs include construction work, urban sanitation, automobile repair, janitorial work and assembly-line duties in Saudi factories.

The slightly-built Yemenis, recognizable by their plaid cotton shirts, are to be seen all over the kingdom working in the dirt-moving jobs. Pakistanis in orange jump suits scrubbing the floors and walls of airports and other public buildings are an equally familiar sight.

Thousands of Egyptian school-teachers pour in and out of the kingdom three times a year as classes break up and resume. Clerks are Indian, maids are from Ethiopia, pilots are American and managers are Lebanese.

A fluctuating number of foreign workers, mostly from south Asia, are brought into the country by foreign contractors for specific projects. South Korean firms use their own labor while Western contractors tend to employ workers from India, Pakistan and the Philippines.

Continuing Dependence

Even if the construction boom tapers off, most optimistic forecasts predict the kingdom's dependence on foreigners will continue for a long time. The Industrial Studies and Development Center estimates that foreigners, who made up 33 per cent of the country's total work force in 1975, would account for 40 per cent of the work force by 1980 at the peak of the development drive. At the moment, some 60 per cent of the 800,000 residents here in Jeddah, the kingdom's commercial capital, are believed to be foreigners. The

current Five Year Plan requires bringing in an additional 500,000 workers.

The large number of foreign workers poses some social and political problems. Their housing, consumer goods and transport needs increase the load on the country's development. Palestinians, for instance, have been moved out of sensitive oil installations where only Saudis are permitted.

To ensure that control remains firmly in Saudi hands, new laws have been passed forbidding foreigners to run their own businesses in the kingdom: Thousands of Yemenis with small enterprises were forced to take in Saudi partners almost overnight. The big banks have been given a year to sell their shares to Saudi owners.

At the same time, Saudi Arabia gains some political weight from its position as a lucrative market for human exports. Nearly a quarter of the foreign exchange earnings of neighboring North Yemen comes from remittances sent home by Yemenis in the kingdom.

Saudi Arabia's labor laws are strict, and weighted in favor of the employer. Strikes and other forms of industrial action are strictly forbidden. Labor unions do not exist. A group of South Korean workers who staged a strike at a construction site in the eastern province last year were promptly expelled from the country.

To tighten up on the labor situation, the kingdom has just passed a new labor code, whose emphasis on "Saudi-ization" and restrictions on the employment of foreigners may limit the rapid development envisaged under the second Five Year Plan.

As Saudi planners become increasingly resentful of the cost and strain to the economy of large foreign families, steps have been taken to prevent foreign workers below the level of "technician" from being accompanied by their families, even wives.

Another problem is illegal immigrants—including many from Muslim countries who arrive here on pilgrimages and decide to stay and search for work. Saudi Arabia, as keeper of Islam's holy places, cannot turn away any Muslim wishing to make the pilgrimage. A chartered ship arrived in Jeddah port last November with 1,500 pilgrims from India

bound for Mecca; two weeks later, only 300 pilgrims showed up for the return voyage.

Saudi Arabia has begun a crackdown on illegal immigrants. Violators are threatened with im-

prisonment and expulsion. In December, the government arrested 1,800 illegal Pakistani immigrants and shipped them home. More arrests were expected.

—B.I.

A Unique Design for Aid

RIYADH (H.T.)—It is like a United States aid program to a developing country except that the Saudis pay for every cent of the assistance they get," explains a shirt-sleeved American official here. With his pencil-cramped pocket, he looks like a U.S. Agency for International Development (AID) representative in a Third World country. In fact, he is a Treasury Department official helping to administer the world's largest "reimbursable assistance" program under the auspices of the United States-Saudi Arabian Joint Economic Commission (JEC). This is the umbrella organization which provides a U.S. government channel for the Saudis to tap into American suppliers and manpower to meet their development needs fast.

Saudi Arabia approved expenditure of \$200 million last year through the JEC—\$80 million of it for a rush order of electrical-generating equipment. The Saudis are paying—not the U.S. taxpayer—so the JEC can venture into activities ranging beyond conventional aid programs. The JEC is working on everything from highway construction to agricultural development, archaeology to U.S.-Saudi sister cities, national parks to an inventory of Saudi scientific skills.

The JEC helps the Saudis by arranging direct procurement of American goods and services, serving as a conduit of information and bringing in American concerns at an early stage of project development. American members have been culled from U.S. Departments of Agriculture, Labor, the Interior and the Bureau of the Census.

Although the JEC still lags behind the grandiose designs sketched by Dr. King Fahd at its birth four years ago at the peak of the oil crisis, it now has 120 Americans here. More will be coming. An American official admits, "We were somewhat slow in moving, but the whole idea of the host country financing was quite new."

Under a unique arrangement, Saudi Arabia pays into a trust fund held in Washington for services provided through the American mission. Britain, Holland and four other industrial countries have set up their similar commissions of their own with Saudi Arabia, but only the American one has such a large physical presence and range of programs. Similar U.S. bodies in several other countries have been stillborn.

For the Saudis, JEC is a channel for fast, U.S. government-approved assistance. It is a funnel to Saudi Arabia for U.S. industry, especially since it fosters U.S. industrial standards as the norm and helps establish a built-in preference for American goods. In an \$80-million program for desalination research funded by Saudi petrodollars, the United States gets a royalty-free license to use any inventions for its own use.

With total Saudi payments nearing \$800 billion, new projects are getting bigger: A recently signed plan earmarked \$100 million for a five-year, jointly financed solar research program. So far the big-impact programs have been more down to earth. A group of 35 U.S. technicians are involved in agricultural and water development. American specialists are introducing audio-visual techniques to accelerate a vocational training program of major importance to the Saudis. The Americans seem most excited about finally establishing a few trade, census and other statistics about this still largely unknown society.

—J.F.

'Our Crowd,' Saudi Style

RIYADH (H.T.)—Where do Saudis go when they carefully adjust their robes and vanish in their limousines at the end of the day?

"I go to my *tashkuk*, of course," explains a ministerial-level Saudi official. "My friends and I spend the evening together, or else some *tashkuk* members and their wives have dinner together in one couple's house." A *tashkuk*—a slang word meaning roughly "our crowd"—enables a half-dozen Saudis who have a common bond and who enjoy mutual trust to get together for relaxed conversation.

Saudis' go to parties, sometimes with their wives if the occasion is small and attended by the right people, particularly other Saudis who also bring their wives. But their real social life revolves around the *tashkuk*—a tight circle of friends who meet regularly in one another's private homes.

Traditionally, *tashkuk*s consisted of relatives. Now there are *tashkuk*s comprising members from different social backgrounds linked by a common modern trait, usually that they went to secondary school together (the elite attended Victoria College in Egypt in the 1950s) or to similar colleges (usually in southern California).

"My *tashkuk* has three PhDs in economics, a medical doctor, two MAs in planning and a man who majored in business," a typical Western-educated Saudi official explains. "When I go down to Jeddah, I belong to another *tashkuk* there, a similar group of people. Sometimes when he goes down to Jeddah, this Saudi takes his wife, and they spend the weekend camping with a member of his Jeddah *tashkuk* and his wife."

Saudi "technocrats"—the first group of Saudis whose high position is due to their modern skills and not their birth—lead lives that are materially easy, but include a degree of unavoidable frustration. In government, American-educated officials must still work in a bureaucracy full of traditional rules and with people who have no idea of what Western methods are like. In addition, new middle-class Saudis tend to have "progressive" attitudes about women and their role in Saudi Arabia.

For Saudi technocrats, a circle of like-minded friends is the only company in which to let off steam about the obstacles in the way of these changes. Since *tashkuk*s are private meetings, the more educated, liberal Saudis can recreate Western mood, watching movies, playing backgammon or chess, talking or just relaxing. Saudi women have their own separate *tashkuk*s where they spend their evenings when they do not accompany their husbands.

For many young Saudis, these *tashkuk*s—almost like alumni clubs for Western graduates living far from their alma maters—are both a place to air their ideas and an important personal network of friends.

—J.F.

Technocrats Split Over

Price to Pay for Progress

(Continued from Page 11.)
nology can enable them to have the best of both worlds, getting around apparently insuperable contradictions with Buck Rogers inventions.

Islam forbids the sexes to mix, so women can attend university lectures by television. Only Muslims are allowed to visit Mecca, so foreign engineers can monitor progress on projects there by closed-circuit TV or Polaroid pictures. Movie theaters are banned, but Saudis can watch the latest films on videotape cassettes in their own homes. The bedu are reluctant to settle in towns, but

enough trucks and generators and helicopters can take the town to them.

It is a variant of the extraordinary transformation described in *Samsa* by Margaret Mead: the impact of Western culture was so overwhelming there—as sudden, powerful and sweeping as the transition from peace to war—that the inhabitants settled into a new culture without the usual shocks and struggles associated with change.

The Saudi technocrats feel this country has no option but to attempt a similar metamorphosis.

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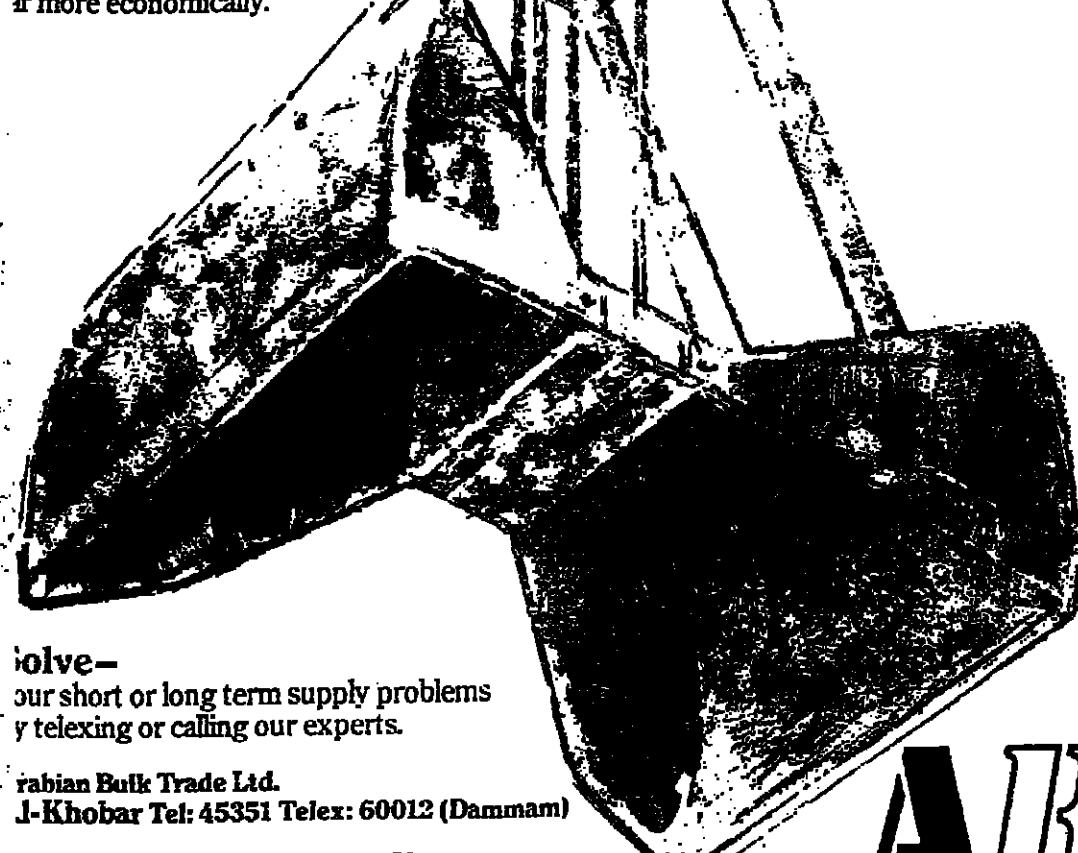
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In Education, Budgeting Is for 'Everything at Once'

RIYADH (UPI)—What took generations in other nations to accomplish in education, Saudi Arabia is determined to achieve in less than a decade.

With \$31 billion slated for the education budget in the current Five Year Plan, Prince Mohammed Abdullah Faisal, the assistant deputy minister of education, says, "We are paying more than we used to." "Any other country works out its education programs through a process of evolution. Here we must do everything at once."

"Everything" means a crash program of school enrollment for every six-year-old boy in the country by 1980 and to build separate schools and encourage education for girls. It means providing more training for existing Saudi elementary and high school teachers—some of whom have only a few years' more schooling than their pupils—and to graduate 30,000 new Saudi elementary-school teachers.

The program also aims to double enrollment in adult male literacy classes and increase it tenfold for women. It plans to build an enormous number of classrooms in every corner of this desert kingdom.

The job is huge, particularly when the manpower shortage is taken into consideration. "This year 505,000 boys and 333,000 girls (Saudis and expatriates) are enrolled in the kingdom's state schools. One expert is worried about the societal cost: School is removing tens of thousands of young Saudis from an already puny labor force and putting them into classrooms."

Top Priority

Nevertheless, alongside an intensive program of industrialization, education is the top-priority development item in Saudi Arabia today. The education program gets a full quarter of current development expenditures. A new school opened every day last year. Some were little more than an empty storefront, but the commitment and intentions of the government are unquestionable. An interim report last month on the present Five Year Plan stated 3,400 new schools have been built already—150 more than the total originally projected for 1981.

Thanks to a program begun by

the late King Faisal in the early sixties and which is now powerfully boosted by oil revenues, the government already has taken arduous giant steps in the field. Apart from knowing the Koran, few Saudis could read and write a generation ago. Today, millionaire merchants are numbered among those who are still illiterate, but the government says that in three years the literacy rate will be raised to 70 per cent among school-age boys and 40 per cent among girls.

Twenty years ago boys received religious teaching in mosques and a few classrooms. Girls did not. Only young princes or wealthy merchant sons went to college—abroad. Today every Saudi child is entitled to free elementary and secondary education, teacher preparatory or vocational programs at the secondary level and even free university education.

University enrollment is up to

23,000 at six universities in the country and another 20,000 young people are studying abroad, mainly in the United States, at government expense. The overseas contingent has greatly increased because of large numbers of military scholarships and the addition of students' wives to scholarship rosters. On their return from abroad, students are expected to work for five years in government positions or wherever else they are needed.

The government can use its well-oiled education machine to tackle other development goals, too. A school-lunch program is under way to combat undernourishment. Non-mobile schools for bedouin children are used to entice nomad families to settle down where they can be counted by and accountable to the Riyadh government.

However, education is not yet compulsory, and no one is forcing state education on the populace.

However, villagers in remote desert regions, in coastal fishing communities and in the mountains of the southwest have come to expect a local school as a sign of their share in the kingdom's new oil wealth.

The government is sympathetic and obliging. Teachers who go to remote areas are given a 30-per-cent increase in salary, and mobile schools travel with some nomads who move seasonally with their flocks. The ministry even speaks of a trend toward "simple schools" built by local people with available materials such as palm leaves or mud, which would meet rising expectations until more elaborate facilities can be built in the outposts.

In a country where King Khalid bin Abdul Aziz once had a mighty job convincing conservative elements that the radio and telephone were not necessarily instruments of evil, and where

the public cinema is still taboo, educators have discovered that modern media can solve manpower problems and even help preserve certain customs.

A National Center for Educational Technology and an Educational Television Center will be soon completed in Riyadh under the auspices of the Ministry of Education.

When Saudis are asked about the pollution of clear desert skies and fishing grounds or the loss of certain ancestral customs with the push toward industrialization and urbanization, they often reply that "there is nothing without its cost." Preservation of the Wahhabi interpretation of Islam is paramount in Saudi Arabia's education program, and religious instruction is still considered the primary purpose of all schooling.

"The basis of education is Islam, and the basis of Islam is the Koran," says Prince Mohammed. "In the Koran is found

our social regulation, our whole philosophy." In effect this means that, following tradition, the youngest schoolchildren are still required to spend hours of daily class time committing to heart verses from the Koran—often without understanding their meaning.

Western professors at Saudi universities report that individual conservative students may disrupt classes or even cause administrators to close them down when discussions veer too far into the realm of comparative philosophy, politics or "free thinking." Medical films for future female doctors are censored "for decency."

Non-Saudi teachers say the fundamentalist rote education ill-prepares students for creative problem-solving or imaginative analysis by the time they reach college age. Officials reply that changes are taking place daily: texts rewritten and curricula re-evaluated. One American-trainer administrator even questioned whether the ancient teaching method is the best one for the next generation, which will soon be making its own creative decisions about their developing land. "Islam is our strength," he repeats. "And the Koran must be taught. But this old, strict style of teaching influences instruction in all subjects until our children do not come to learn by understanding but through rote and recitation."

Two-Edged Sword

The ambitious Saudi push to education is a two-edged sword. The government feels that it must maintain control of the rapid developing country it must turn out its own future policymakers and managers quickly enough to replace today's thousands of foreign executives and engineers. Only by doing so, it believes, will the land continue to be run in the best national interest and without erosion of the strict religious system.

Accomplishing this goal means exposing children to large numbers of imported teachers, mainly Egyptians, Jordanians and Pakistanis. It means giving rise to expectations to women. "The nucleus of a higher education system is still not fully formed," says the second Five Year Plan. —M.J. McC.

Unlimited Funds to Train New Technical Elite

DAHRAN (UPI)—Saudi Arabia's University of Petroleum and Minerals (UPM) may be situated in a desert, but the money invested in it belies its remoteness.

"We tap data bases," says a professor, ignoring the sand and smog-bearing shamsal wind blowing off the northern desert outside his climate-controlled office. "If we are working on structural research, we can tap by telex into a computer at Lockheed in California, search the department there and answer problems quickly."

Stark concrete towers and serene rows of Islamic arches rising from the sands mark UPM, Saudi Arabia's temple of higher education. It is a visually spectacular example of the kingdom's readiness to use its wealth for education to create a modern state.

The university's location in the physical and spiritual heart of the petroleum industry is significant. It is on the outskirts of Amman's Dammam headquarters and a stone's throw from the legendary Dammam No. 7, the first well to produce oil in commercial quantities in Saudi Arabia. Fifteen years ago the site was

just another desert rocky outcropping. Now a fully functioning university, manned by an excellent international faculty lured by high salaries, free housing and services, UPM has become home and school for 2,500 engineering students.

These young men, 92 per cent of them Saudis and all of them Muslims, stroll across the campus in their white thumbees, a new elite paid a monthly stipend to study every aspect of oil and gas technology. They are being groomed to replace foreign engineers and to ensure that Saudi Arabians are running their own most precious industry as soon as possible.

Everything Free

Everything is free—tuition, meals, medical services, mandatory on-campus housing including family homes for the married, round-trip air tickets home once a year—and there is extra money for good grades.

Students experience no senior-year panic on this campus: Because of the country's extremely limited supply of trained manpower, any UPM graduate has an immediate choice of a half-dozen jobs, most of them at management level. Graduate programs

at home or abroad are at government expense. To maintain academic standards, UPM is guided by a consortium of top U.S. universities which advises on curriculum. The strength of UPM's technical instruction is undoubted.

Developer's Dream

The money available for education in the kingdom is a developer's dream. The present trustees delight in using the school's own IBM 370/158 computer and quickly becomes familiar with the remote processing terminals and other equipment in the data processing center. A \$81-million building under construction will house projects in all fields of energy research under the direction of Dr. William Fekken, ex-chief of the U.S. Viking probes to Mars.

The latest innovation in an already remarkably equipped physical education department is a \$430,000 environmental chamber where 17 full-time European coaches of as many different sports plan to subject their young proteges—some of whom had never held a racket or a bat before coming to UPM—to varied humidities, temperatures and simulated altitudes. "This way, if

we have a team which is going to play in Switzerland, we can put them in the chamber and freeze them for three or four weeks," says the physical education director.

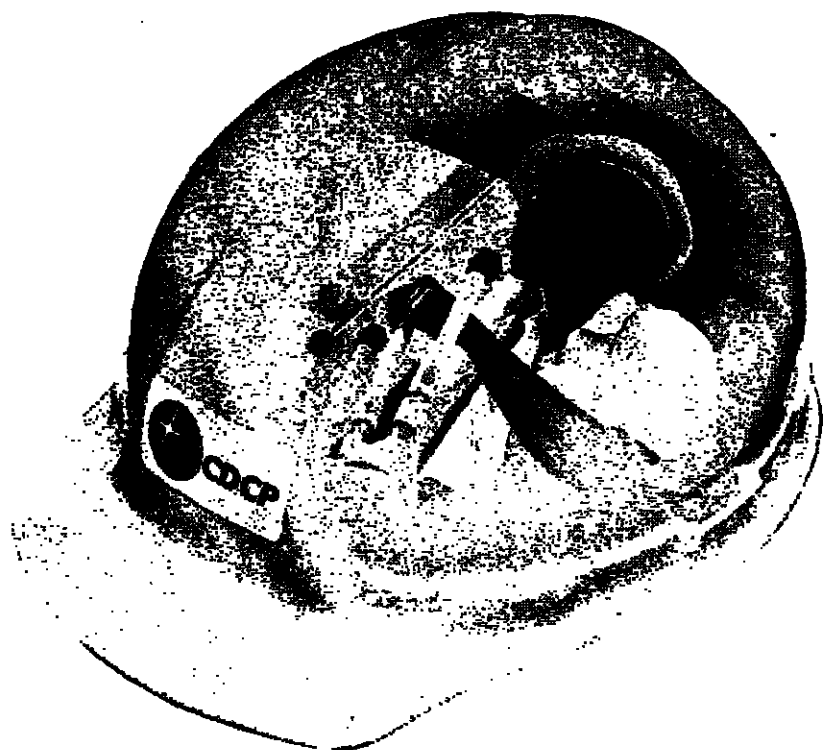
Classes are in English, the organizational system is all-American and the reigning atmosphere is technological.

Yet the spirit of Islam is pervasive at UPM. Sometimes it creates a Victorian mood: Textbooks are banned for mentioning Darwin's theory of evolution, anthropological photos of bare-breasted Pacific islanders are covered with black ink. Sometimes it is uplifting: Like an oasis among the stark gray buildings, the reflection of a domed mosque floats in a wide pool.

"In designing this place we wanted to make the act of creating wealth highly dignified and dramatically appealing," says a senior adviser to Rector Dr. Bakr Abdullah Bakr.

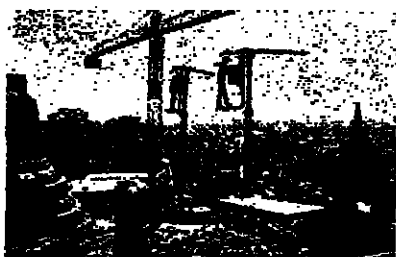
That has been accomplished, but the Saudis will continue to develop their desert showpiece. King Khalid bin Abdul Aziz recently unveiled the foundation stone for the university's latest building phase, at a cost of another \$300 million. —M.J. McC.

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King Faisal Hospital: Providing the Ultimate in Medical Technology

RIYADH (IHT)—It is more like the lobby of a luxury hotel than a hospital waiting room. There are deep carpets, a wide staircase with wood and plexiglass railings, a push gift shop and a vast, airy, massive sparkling chandeliers suspended from high ceilings, a mosaic portrait of King Faisal in lapis lazuli with diamond eyes, and furniture comfortable enough to curl up in and go to sleep. Discreetly off-center, medical personnel induct patients into this hospital, reputedly the most expensive on earth.

Called King Faisal Specialist Hospital (KFSH), it was set up nearly three years ago to provide the ultimate in medical technology even the lowliest Saudi patient, fewer than 10 per cent of the patients come from the royal family. The majority are referred here from regular hospitals throughout the kingdom.

KFSH is the nucleus of a future Medical City to provide a core for the planned nationwide grid of health services. King Faisal Hospital itself boasts a spectrum of technology rarely massed anywhere. Everything is computerized, including systems that monitor heartbeats or begin compiling a patient's dossier as he is whisked in over the desert in the hospital's helicopter. The 35 rooms are equipped with video-cams. Wherever possible, technology must compensate for the medical skills in short supply in the kingdom.

Networks

If Riyadh were engulfed tomorrow under tons of blowing sand, King Faisal Hospital might continue independently: it has its own elaborate communications network, TV station, security force, a water purification system and a sewage treatment plant providing reclaimed water to irrigate the fully landscaped grounds, as well as a complete sewer system to furnish, unobscured electricity and special superheated and humidity control for homes, life-supporting medical instruments and sophisticated computers.

The 1,200 foreign doctors, technicians, nurses, and other staff needed to run the hospital live in American-style homes conjured up in this once-barren wasteland. In other parts of the country, the government is struggling to house some of its own young people to be doctors, to build new hospitals in cities and build a program for its scattered population in order to achieve goals such as reducing the infant mortality rate to no more than 110 per 1,000 by 1980.

Meanwhile, under the roof of KFSH, the range of complex instruments sound like the shopping list of a high-technology medicine man let loose with unlimited funds: LARC (to count blood cells), SMACE (to perform 30 different analyses on

each of 150 separate blood specimens an hour), EMT scanner (to examine brain injuries), nuclear accelerator (for cancer treatment) and the Total Body Scanner. Soon to come is a cancer therapy center on the order of the Sloan-Kettering Memorial Hospital in New York; and a team from Baylor University—home of Houston's cardiovascular surgeon Dr. Michael E. DeBakey—himself a consultant to KFSH.

that will begin the only specialty not yet represented at the hospital: open-heart surgery.

Complicated Cases

KFSH handles cases too complicated to handle anywhere else in the kingdom. A total of 450 in-patients and 8,000 out-patients per month can receive the kind of care here once reserved for those who could fly to London or Minneapolis. No fee is charged

for those who cannot pay. A British consultant to the Cabinet (the body which finances KFSH) estimates that the capacity of the center, with its 70 top-flight specialists and state-of-the-art equipment, is equivalent to seven conventionally outfitted hospitals.

Saudis want only the best for their medical dollar, and, as in other developing fields, they want imported personnel and man-

hour saving technology to make up for their own critical shortage of trained people.

Foreign staff arrive starry-eyed at KFSH, ready to contribute to the kingdom's development and eager to work at the frontiers of their fields. Many, however, are soon struck by the contrast between their own glamorous place of work and what they consider urgent needs among the greater population. One new

doctor told of a patient who made him aware of the medical-care gap in Saudi Arabia: "A healthy 30-year-old girl came in here last week with simple arm burns which had been improperly treated. Her hands were pulled back and deformed by the tight-bandage scars. No matter what we do for her, she'll never have use of her hands. We're starting at the wrong end of the woodpile."

By next year, future Saudi doctors will be studying at three medical schools within the kingdom, and the government intends to establish an additional 11,500 hospital beds during the current Five Year Plan under the Ministry of Health. At the same time, many desert people still put their first trust in non-professional medicine men, and some women cannot be convinced to see a doctor under any circumstances. Thus patients arrive at KFSH in the late stages of illness, some showing the single marks on their bodies where a desert "doctor" has tried to provide counter-irritation or otherwise exorcise the pain of terminal cancer or some other disease.

Besides setting up new mobile clinics and satellite health centers, the government is trying to attack medical ignorance at its base, through literacy training and education, especially about nutrition, hygiene, preventive medicine and maternal care.

Already, staff have run public education television programs and full-page newspaper ads about topics such as the danger signals of cancer and psychological problems. Westerners here have grown up with the possibilities of technology and media, and are bursting with ideas. They want to have a public educational TV station here—older illiterate watch television and listen to the radio.

'Barefoot Doctors'

Nuclear medicine facilities and the hospital's chemical laboratory are still underused, and one doctor at KFSH wonders if some of the kingdom's money might be

better spent hiring "barefoot doctors," even if they had to come from abroad, to deal with major health problems like simple undernourishment and high infant mortality.

However, Saudi Arabia's unlimited funds make the question of priorities more complex. Saudis see no reason why they should not have the world's most advanced medical technology and experts working for them while the fight against basic health problems—a struggle which must take time—proceeds simultaneously on other fronts.

KFSH is already contributing to basic health care in Saudi Arabia by rapidly compiling medical statistics in a country that had virtually none. The fancy machines will cut away years from the laborious process of finding out just what is "normal" for the local metabolism and what diseases are most prevalent. Already, the staff's routine procedures have established that Saudi Arabs may be consistently above or below the Western "norms" for hemoglobin, sodium and cholesterol. The research potential of the KFSH is enormous.

Many questions are only beginning to be asked, such as these posed by the medical affairs director: "Cancer of the esophagus is very prevalent here. Why? Is lung cancer not so prevalent? Is one reason because smoking wasn't allowed until a few years ago? There's a high incidence of stomach and intestinal tract cancer, and we now feel there's no reason to believe desert dwellers are free from anxiety-related ailments."

—M. J. McC.

Priority Is to Put a Decent Roof Over Every Head

RIYADH (IHT)—Putting a decent new roof over the head of every Saudi citizen is a priority here, and the vast housing program—amounting to as many new dwellings as the present number of families in this kingdom—has colored the entire economy and planning picture.

"We were running scared two years ago about the housing shortage. Today I am worried about overbuilding by the end of the plan," says Dr. Faisal Al-Bashir, an outspoken economist who is Saudi Arabia's deputy minister of planning.

Dr. Bashir may be worried about building too fast, but few Saudis are concerned about buildings too many houses. The need is so great that even at the present galloping rates of construction, officials say, no new houses will be standing vacant for many years to come.

But the deputy minister has another concern: mass urban migration.

"We simply can't handle it by providing houses for everyone who comes in. Public utilities would be overextended and we'd end up having five or six cities as our whole country, which is not what we want," he says. "But there's no systematic program to keep people away from the cities—this is not the Soviet Union."

Construction

The cities of Saudi Arabia—Jeddah, Dammam, Riyadh and several in between—give the impression of mammoth construction sites. Before one project finishes, another starts up next door. The faces of the old streets change daily, and cranes are fixtures in every new neighborhood.

Under the second Five Year Plan, the goal is to have 120,000 units built by the private sector by 1980. Already halfway through the plan, more than 190,000 private-sector units have gone up. A Housing Ministry official says the government will accomplish its own public housing goal by 1980: 82,000 low-income family units, 510,000 temporary housing units for laborers on major development projects, and 44,000 fully serviced building lots for allocation to low-income households for "self-help" house-building.

The building explosion in the private sector is largely due to the liquidity provided by the government through the Real Estate Development Fund (REDF). The program began three years ago in an attempt to reduce sky-high rents brought on by scarce supply and soaring demand in housing. It offers interest-free loans to Saudis who want to build houses for themselves or for investment. Any Saudi can approach fund officials if he owns a plot of land and has in hand a complete set of architectural drawings. He can borrow up to 70 per cent on a maximum of \$85,000 of the total cost of the house.

No Proof

It is assumed the borrowing party covers the remaining 30 per cent of the loan, but in a reflection of an earlier, more genteel, era of Arab business, no proof of owner expenditure is required. "You have to have some trust," says the housing official.

The average of the 70,000 loans extended for residential housing so far has been \$75,000 each. At the same time, fund officers have granted 486 loans for commercial housing worth \$377 million and say 100,000 dwellings of both types have already been built.

In practice, individuals immediately leased out their spanking new structures in order to take advantage of the rent boom and continued to live in their own humbler dwellings.

Despite REDF, rents have not dropped. The fund was temporarily suspended recently because the loan-helped boom was resulting in inflated construction costs in small towns and villages and overspending on expanded designs and specifications.

The Minister of Finance and National Economy, Sheikh Muhammad Ali Abdul-Khalil, appeared on television to explain that the crash construction plan was fueling the industry's rampant inflation. For one thing, it put pressure on the government to import maximum quantities of building materials, which raised the unloading time at the kingdom's already clogged ports. He urged citizens to repay their debts to the fund and appealed to those who already owned one house not to reapply.

The government press agency says the fund will resume operations this month—with more modest ceilings.

Additional pressure is put on the housing crunch by the need to shelter a huge imported manpower force. Three million for-foreigners, a number equal to half the Saudi population, will be in the country by 1980.

All new companies with contracts worth more than \$28 million and staying over three years must now provide their own housing.

Probably the only problem spared the Saudis is availability of land. A poor nomad who wants to settle down need only put in a claim at some local municipality and he is given a parcel of land by the government. Nevertheless, while the number of nomads coming off the desert and farmers leaving the land increases each month, most are going to the cities, not home-staying on the edges of small towns.

The rush to the cities is spawning shanty towns, overcrowding, high rents, smogged traffic and swamped services.

Planning and housing officials say they hoped the new construction would modernize and beautify the country's cities and towns, but some admit the result is often a brand new ugliness.

Before the boom, houses nestled in desert or oasis communities where narrow streets provided shade and protection from the wind.

"But doesn't this happen everywhere?" asks a U.S.-trained architect and an admirer of the American Colonial woodwork that he says no one could afford to duplicate today on a large scale. "Mud houses are beautiful and comfortable and could be equipped with modern technology. But we must build so many houses in so many years, and do it economically. We cannot be romantic."

Saudis are profiting from the construction sites—some as in-

vestors, some who are moving from small mud houses to bigger concrete ones, and still others who have never before had a permanent year-round shelter. But because sewage systems, telephones and other services cannot possibly match the rapid house-building pace, and because Saudis see company-subsidized foreigners living particularly well in their midst, grumblings are beginning to be heard. Social grudges are inevitable, admits Dr. Bashir.

"The one unquantifiable obstacle to development is expectations," he says. "The most miserable Saudi is the wealthy individual who, with all his purchasing power, can't get running water for weeks because they are digging up the streets. And expectations are complicated by non-Saudis: when an American complains to a Saudi that things run smoother at home, he does not tell the Saudi how long it took America to reach that point."

—M.J. McC.

'Football Crazy' Over Soccer

EDDAH (IHT)—Sports is a feature of Western society at Saudis of all kinds assimilate enthusiastically.

As recently as a decade ago, am games were virtually unknown in this country, where the only sports were camel racing and falconry.

Today this newly rich nation "football crazy" over soccer. Every team in the Saudi league is the royal patron, and these closely benefactors lavish bonuses on their favorite players: cars, and sometimes entire winning teams, get motorbikes, gold watches, even houses. Balmy after balcony here flies a favorite soccer team's flag: green-and-white for "National," yellow-and-black for "Independence." The latest fad in children's fashion is the T-shirt with a local sports technician portrait on the chest.

In a country where political activity is forbidden, sports are viewed as a therapeutic outlet, particularly for young people.

National Priority

Sports are recognized now as national priority. On the one hand, the Saudis want to improve the physical fitness of the young generation and bring them to the country's social development.

On the other, a cherished objective is to produce Saudi sportsmen who can hold their own in international competition by the 80s.

To achieve this target, Saudi Arabia hires the best foreign coaching talent that money can buy. They want their trainers to be covered with international titles and they want their facilities to be of Olympic quality. The expense is no object: Saudi Arabia currently is spending more than \$400 million a year on recreational activities and sports.

Several factors—improved school opportunities and promotional impact of television—are making young Saudis more sports-minded. To meet its appetite, the second Five Year Plan calls for construction

of 53 athletic clubs, an 80,000-seat Olympic-standard international stadium in Riyadh (which, it is hoped, will host some regional sports events soon), nine permanent "sports camps," three indoor swimming pools and three major gymnasiums, plus numerous local youth facilities.

If sports boosters hit a snag in Saudi Arabia, they always have a solution: throw money at it.

Freeze Them

For instance, in Dhahran at the University of Petroleum and Minerals, the latest addition to an already remarkably equipped physical education department is the \$430,000 "environmental chamber" where 17 full-time European coaches (one for each sport) plan to expose their young protégés—many of whom never held a racket or bat before coming to college—to artificially controlled variations in temperature, pressure and humidity.

"Say we have a team going to Switzerland to play; we can put them in the chamber and freeze them every day for three or four weeks so they are conditioned," the physical education director explains.

In soccer, the glamour sport, a British ex-star, Jimmy Hill, was brought here to oversee a soccer program aimed at producing a team of World Cup class by 1982. His latest recruit is manager Ronnie Allen of the English First Division team, West Bromwich Albion: Allen, an England international in the 1950s, signed on for a tax-free salary reported to be \$180,000 a year.

Initially, Hill, who has been given a free hand to develop a grass-roots soccer program, brought in another British manager, Bill McGarry.

McGarry, who was initially criticized by British sportswriters for moving to Saudi Arabia, replied at the time, "Nonsense. The Saudis impress me, and they can be a force in Middle East soccer, eventually in even world soccer."

On the national squad itself, McGarry found a team of brilliant individuals slow at working together as a team. A strict disciplinarian, he spent much of this last year developing teamwork and refining individual skills. He

compared the Saudi national squad to an English Third Division team or slightly better. Summer, the Saudi team has a training camp at Warwick University in Great Britain and plays friendly matches with First Division teams.

When he was replaced last summer, McGarry said he was leaving the manager's post to give his successor time to prepare for the 1979 Gulf Soccer Cup—Saudi Arabia's current objective in football. But there were hints that McGarry, now back managing Newcastle, felt the ambitious original plans for setting up athletic facilities and force-fielding talent were not proceeding smoothly.

The planned sports facilities include a mammoth Olympic stadium in Riyadh incorporating the largest free-span cable-net roof ever built. The air-conditioned stadium, with its 700-foot arch, will be the centerpiece of a vast sports city, which the Saudis hope might someday host an Olympic event. Yet the kingdom's unwillingness to admit many countries' athletes and its ban on sports mixing men and women, plus the relentless climate, make top-class international competition here a remote possibility.

Too Hot

Many of Saudi Arabia's top athletes have to spend much of the year outside the kingdom. Saudi swimmers, for instance, went to Wiltshire, West Germany, to Europe's largest swimming club to train last summer because summer temperatures here are too hot for competitive sports. Afterwards, Saudi swimmers swept the top places in the 20-kilometer long-distance swim in the Gulf swimming championships last fall. Saudi swimmers also showed up well not long ago when they swam the English Channel as a relay team.

Certainly it will take time to build a solid sports foundation for the country. Meanwhile, soccer rivalries provide local excitement, and youngsters can be seen all the time playing soccer in the streets—where even a few years ago the sight was rare.

—R.J.

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	1/1/1976	21/12/76		1/1/1976	21/12/76
LIABILITIES	SR Millions	SR Millions	ASSETS	SR Millions	SR Millions
Capital & reserves	327	400	Cash funds & short term deposits with banks	3164	6488
Deposits & current accounts	4689	9273	Loans & advances	1697	3038
Borrowings from banks	185	243	Investments	203	284
			Fixed assets	104	101
Other liabilities	324	470	Other assets	357	474
Sub totals	5527	10387	Sub totals	5527	10387
Contra accounts	3857	8805	Contra accounts	3857	8805
GRAND TOTALS	9384	19192	GRAND TOTALS	9384	19192



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CAPITAL: FULLY PAID UP SAUDI RIYALS 600,000,000
(US \$173 MILLION)

To establish a partnership company among them under Registration No. 96, in accordance with the Saudi Companies regulations, the article of association was attested by the public notary of Riyadh and given No. 696 dated 13/2/1398 H.

SUMMARY OF ARTICLE OF ASSOCIATION

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HEAD OFFICE: **RIYADH (ALRAJHI BUILDING) BATHAHA STREET.**

ADDRESS OF THE COMPANY: **P.O. BOX 28 RIYADH, SAUDI ARABIA.**

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The Company should obtain necessary approvals and license from the Government for such activities.

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 WADI DAWASIR
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 SHAGRA
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Sheikh Mohammed's four established branches (Riyadh)

SITTEEN STREET
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 NASIRIYAH
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Sheikh Suleiman's twenty six established branches.

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